

**School Board Workshop:**

**October 22, 2018**

**Subject:**

2017-18 Financial Audit

**Presenter:**

**Gary Kawlewski, Director  
Finance and Operations**

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**SUGGESTED SCHOOL BOARD ACTION:**

For Board Approval.

**DESCRIPTION:**

Attached are the audited financial statements and management letters for the year ending June 30, 2018. Matt Mayer from BerganKDV will attend the board meeting to give a formal presentation. The financial statement attachment is 107 pages long so only the financial highlights will be covered during the presentation. For the audit presentation, I recommend reviewing the following pages of the financial statements: 5-19 that starts with Management's Discussion and Analysis, 22-29, 82-91, and all pages of the communications letter.

The District's general fund expenditures exceeded revenues for the year as part of a planned spend down of the fund balance. The District experienced lower than expected salary and benefit costs. The General Fund's final revenues were over budget and expenditures were under budget. General Fund revenues came in .20% higher than budgeted (\$126,579), and expenditures were 1.02% under budget (\$675,341). 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 73.3% 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 .81% and inside the dashboard target.

With total revenues and other financing sources ending at \$64,371,662 and total expenditures and other financing uses at \$65,672,888, the General Fund's overall fund balance decreased \$1,301,225 to \$16,069,736 as of June 30, 2018. The unassigned/nonspendable fund balance ended the 2017-2018 school year at \$8,934,570 or 13.6% 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 went down slightly for 2017-18 based on lower participation. The Community Service fund balance went up slightly because of increased participation and lower expenditures.

Attachments:

- Buffalo FS 2018 – Audited Financial Statements
- Buffalo CL 2018 – Communications Letter
- Buffalo SA FS 2018 – Student Activity Financial Statements
- Buffalo SA CL 2018 – Student Activity Communications Letter