



EDEN PRAIRIE SCHOOLS
Inspiring each student every day

November 23, 2019

To: Dr. Josh Swanson
From: Business Office
Re: Fiscal Year 2019-20 Annual Financial Audit

We are pleased to present the year-end financial results for fiscal year 2020. There are three documents included in this package; Management Report, Special Purpose Audit Report, and the Comprehensive Annual Financial Report (CAFR). The financial reports will be available on the district website for the community following this board meeting.

The District hired Malloy Montague Karnowski Radosevich & Co., P.A. (MMKR), an independent audit firm to conduct the financial audit. The auditors have issued a clean unmodified opinion on the audit report, the highest opinion they can provide, indicating the financial statements are fairly stated. The auditors did identify a few audit findings which can be found in the Special Purpose Audit Report on pages 9-11. All findings will be addressed with the required corrective action plan submitted to the Minnesota Department of Education.

The CAFR contains the Management's Discussion and Analysis (pages 4-15) which provides a narrative overview and analysis of the financial activities during the fiscal year. The Management Report is designed to communicate information relevant to the financing of public education in Minnesota and to provide comments resulting from the audit process. I would encourage you to focus on these pages of the report which provide a great summary of the district's current financial condition.

This presentation also doubles as our year-end financial report to the school board. The general fund finished with an unassigned fund balance of \$17,715,153, which represents 16.1% of our annual expenditures and an increase of \$287,387 from the prior year. The increase was \$126,576 more than anticipated. The District has created two assignments at June 30, 2020, that are new within the past two years. Management created a \$500,000 assigned fund balance to support future unreimbursed COVID-19 costs. Management also created a budgeted deficit assignment, of \$552,292, for the planned deficit in the fiscal year 2020-21 budget.

Here are some important takeaways from the audit presentation:

- Focus on the Management Letter and the Management's Discussion and Analysis in the CAFR.
- Unassigned fund balance is at 17,715,153, or 16.1%.
- Significant decreases occurred in Other revenues due to decreases in fees collected due to COVID.
- The District did have savings in multiple expenditure areas due to COVID.
- Food Service and Community Education fund balances took major hits during the state shutdown and distance learning period.
- Both the self-insurance funds and the OPEB trust continue to hold healthy fund balances

We are pleased with the year-end results in all funds across the district and continue to meet our financial targets as expected. The updated 5-year financial projection will be presented to the board in January 2021.

We are requesting the School Board to accept the audit as presented.