

## Audit Report: Fiscal Year 2020

### Background:

Every public school in Iowa is required by law to hire a neutral, third-party firm to perform a thorough audit of school district finances and procedures. This year our audit was performed by Rachelle K. Thompson.

Rachelle K. Thompson is a local CPA from Hampton, Iowa, with over eighteen years of experience in auditing cities and school districts. This is her second year auditing our district.

### Audit Exit Interview:

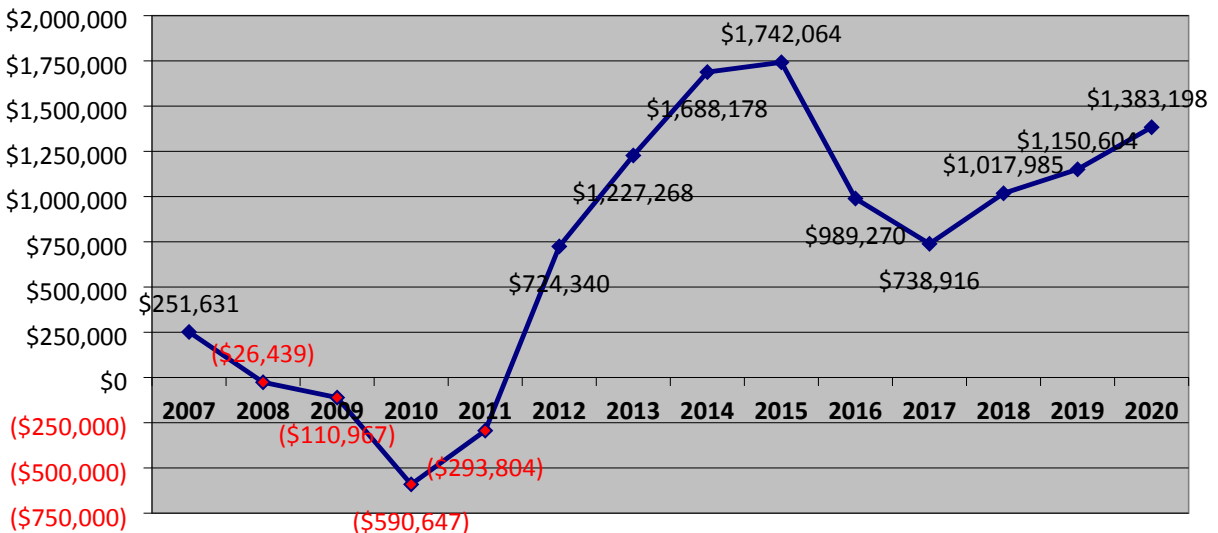
Ms. Thompson concluded her site visit in August. She finished with an exit interview. It was an extremely good exit interview. Kudos to Business Manager Greenfield and her team with Socorro and Thelma.

### Audit Report:

By GASB accounting, we closed our books with a positive general fund reserve cash balance (Unassigned: General Fund) of \$1,383,198. This represents a continued extension of the reversal in our financial cash position.

The graph below shows the changes in the general fund reserve balance over the last fourteen years.

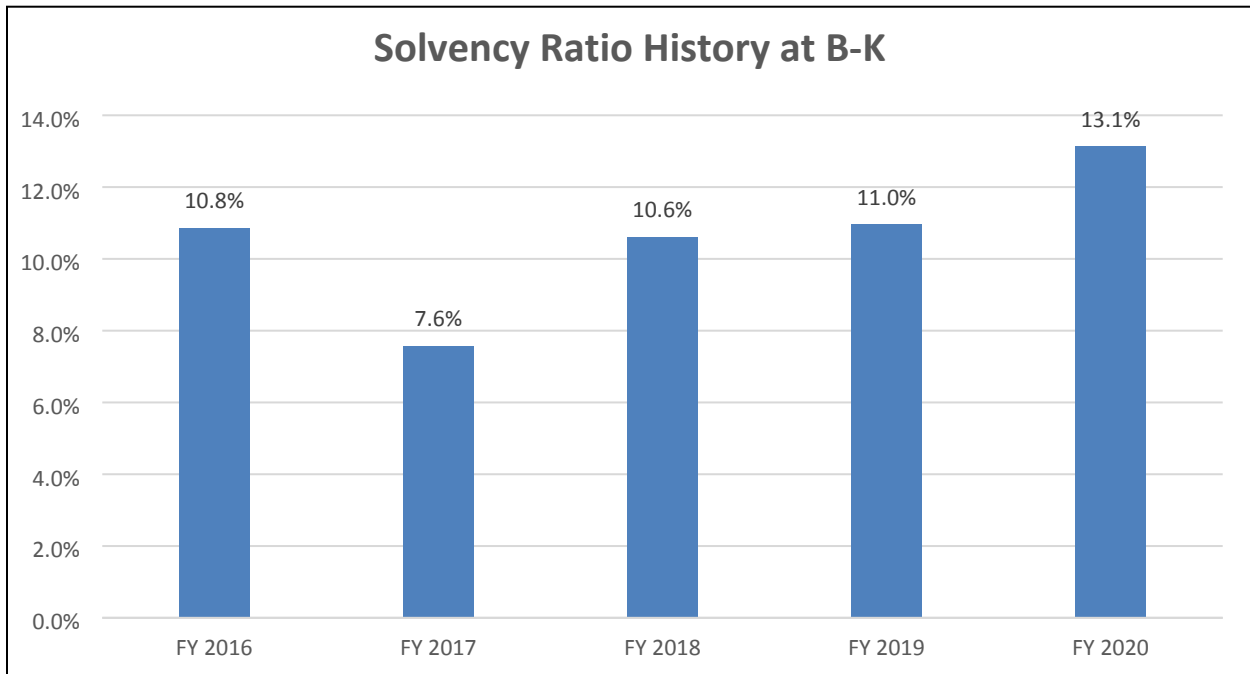
### B-K CSD General Fund Reserve Balance History



### Solvency Ratio

The Iowa Association of School Boards (IASB) encourages local boards to keep an observant eye on the school district's *Solvency Ratio*. IASB says the solvency ratio "provides a picture at fiscal year-end of the financial health of a school district and represents the percent of the district's available funding. It is calculated by dividing the unassigned . . . general fund balance by the general fund actual/total revenue of the school district for the fiscal year less the district's AEA flow-through funding."

With an Unreserved General Fund balance of \$1,383,198 and total revenues of \$10,538,441 in the general fund for the fiscal year, this suggests to us a *solvency ratio* of approximately 13.1%.



An Iowa public school district should target a solvency ratio of at least 5% to 10%, with 10% to 15% being secure. IASB's recommendations appear below.

<b>Target:</b>	
The Iowa Association of School Boards recommends these targets.	
❖ Target Solvency Position	5 to 10 %
❖ Acceptable Solvency Position	0 to 4.99%
❖ Solvency Alert	-3 to 0%
❖ Solvency Concern	-3% & lower

**Audit Citations:**

However, one small issue is cited in the report. We have deficit student lunch accounts. We are trying to collect the deficits, but the auditor is compelled to report on this.

*The full **audit report** is available for viewing under the **EXTRAS** tab of BoardBoard. It has been omitted from the main board materials due to its length and volume.*

**Recommended Action:**

I recommend the board move to approve the audit report as submitted.