

School Board Workshop:

October 26, 2020

Subject:

2019-20 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, 2020. Matt Mayer from BerganKDV will attend the board meeting to give a formal presentation. The financial statement attachment is 103 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: 2-20 that starts with the Independent Auditor's Report and concludes with the Management's Discussion and Analysis, 22-29, 84-91, and all pages of the communications letter. You will also note that there is no separate report on student activities as they are now included in the general fund in compliance with GASB 84 requirements. As a reminder, the Single Audit Compliance Report is not included at this time. BerganKDV is waiting for guidance from the federal level on the CARES Act funding we received to ensure that their testing methods met the latest guidance. The numbers in the report would not change based on the final guidance which is why the report is being presented at this time without the report.

The District's general fund revenues exceeded expenditures due to planned program modifications and significant underspending as a result of the COVID-19 pandemic and the resulting move to distance learning for the last quarter of the school year. The District experienced lower than expected salary and benefit costs for substitutes and extra duty pay as well as across the board savings in most other expenditure categories. General Fund revenues and other financing sources came in .62% higher than budgeted (\$421,258), and expenditures were 2.90% under budget (\$2,011,782). 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 with 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 2.28% and slightly outside the dashboard target.

With total revenues and other financing sources ending at \$68,482,098 and total expenditures and other financing uses at \$67,409,716, the General Fund's overall fund balance increased \$1,072,382 to \$15,767,381 as of June 30, 2020. The unassigned/nonspendable fund balance ended the 2019-2020 school year at

\$8,409,807 or 12.48% of the General Fund's expenditures. The fund balance percentage is slightly outside the range of our fund balance policy of 8-12%.

The Food Service fund balance went up for 2019-20 based on higher than projected revenues and lower than anticipated expenditures. The Community Service fund balance went down due to the loss in the Kid Kare program due to the state requirements of the COVID-19 pandemic.

Attachments:

- Attachment 1: 2020.0877.01.Buffalo.FinStm.District– Audited Financial Statements
- Attachment 2: 2020.0877.01.Buffalo.ComLtr.District– Communications Letter