



INDEPENDENT SCHOOL DISTRICT NO. 771

Executive Summary - June 30, 2022



CPAs & BUSINESS ADVISORS



AUDIT RESULTS AND FINDINGS

AUDIT OPINION

- The District received a “clean” audit opinion
 - Unmodified opinion – financial statements are prepared using accounting principles generally accepted in the U.S. (GAAP)
 - Financial statements do not contain material misstatements and are fairly presented
- Opinion is merely the auditor’s professional opinion, based on audit work, on whether the financial statements were prepared in accordance with GAAP, free from material misstatement, and fairly presented



FINDINGS

Financial Statements:

- 1. Preparation of Financial Statements**
- 2. Material Journal Entries**
- 3. Segregation of Duties**

Minnesota Legal Compliance:

- 1. Inactive Student Activity Accounts**



GASB 87 IMPLEMENTATION

- Required for reporting periods beginning after June 15, 2021
- For lessees:
 - Adds new statement of net position items
 - Right-to-use lease asset (\$54,774)
 - Lease liability (\$47,877)



There was no effect on net position at July 1, 2021, as a result of implementing this accounting standard

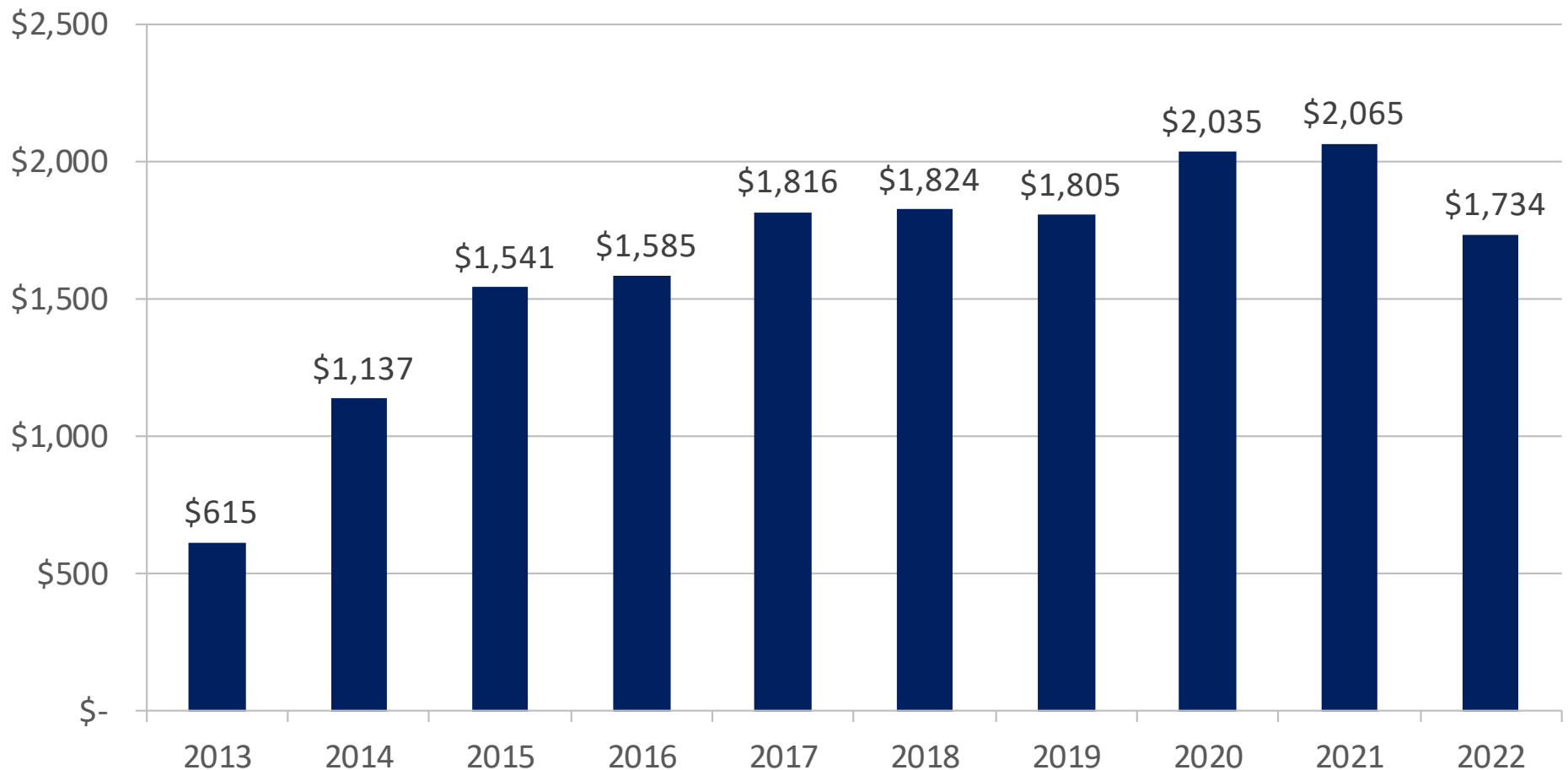


CASH AND INVESTMENTS

CASH/INVESTMENTS

Most significantly affected by the state aid payments structure.

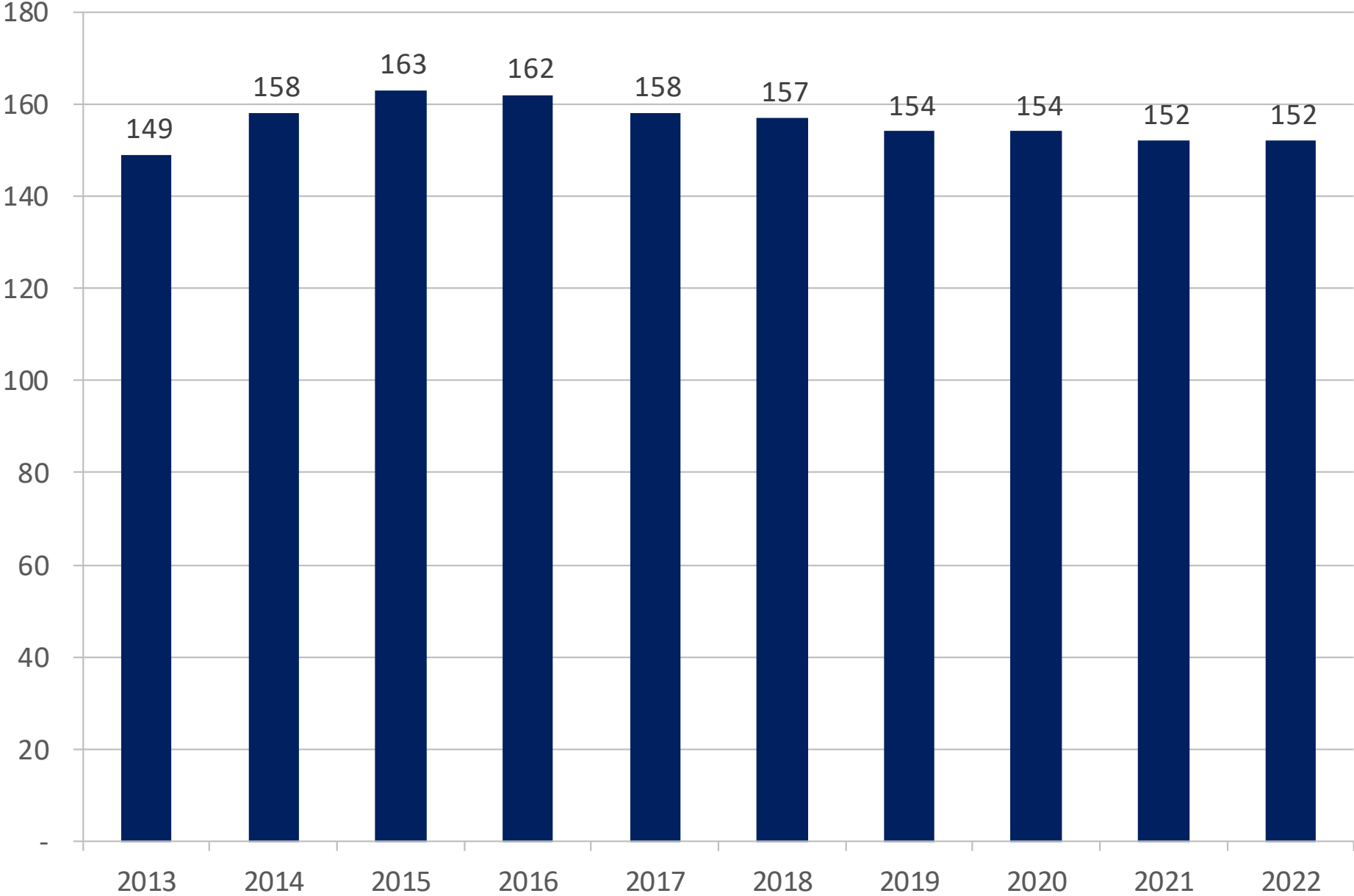
Balances (in thousands) of the District for the past ten years:





GENERAL FUND

ADM SERVED



BUDGET TO ACTUAL

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
State sources	\$ 1,767,082	\$ 1,710,042	\$ 1,835,575	\$ 125,533
Local levies	538,333	538,333	533,672	(4,661)
Federal sources	278,261	208,883	210,253	1,370
Other	39,650	61,230	96,376	35,146
Total revenues	<u>2,623,326</u>	<u>2,518,488</u>	<u>2,675,876</u>	<u>157,388</u>
				6.2% Over
Expenditures				
Current				
Regular and vocational instruction	1,317,765	1,171,819	1,354,962	(183,143)
Administration and district support services	312,196	324,785	335,479	(10,694)
Special education instruction	614,697	446,091	442,953	3,138
Instructional and pupil support services	238,670	301,382	333,139	(31,757)
Sites and buildings	246,164	243,335	284,660	(41,325)
Other	34,774	33,050	24,904	8,146
Capital outlay	16,700	116,089	59,411	56,678
Total expenditures	<u>2,780,966</u>	<u>2,636,551</u>	<u>2,835,508</u>	<u>(198,957)</u>
				7.5% Over
Net Change in Fund Balance	<u>\$ (157,640)</u>	<u>\$ (118,063)</u>	(159,632)	<u>\$ (41,569)</u>
Fund Balance, Beginning of Year			<u>1,444,479</u>	
Fund Balance, End of Year			<u>\$ 1,284,847</u>	

A POSITIVE FUND BALANCE:

- 1** Contributes to a favorable bond rating
- 2** Produces investment income and provides a source of working capital to meet cash flow needs
- 3** Offers a cushion for unexpected expenditures or revenue shortfalls



FUND BALANCE CATEGORIES

Nonspendable

Represents amounts that cannot be spent

Not in spendable form

Inventory, prepaid expenses

Restricted

Legally restricted by outside parties

Cannot be appropriated for other spending

Committed

Intended for a specific activity

Imposed by formal action of the school board but is not legally restricted

Assigned

Intended for a specific activity by school board or designated individuals

Not legally restricted

Unassigned

Reserves

“Rainy day” fund

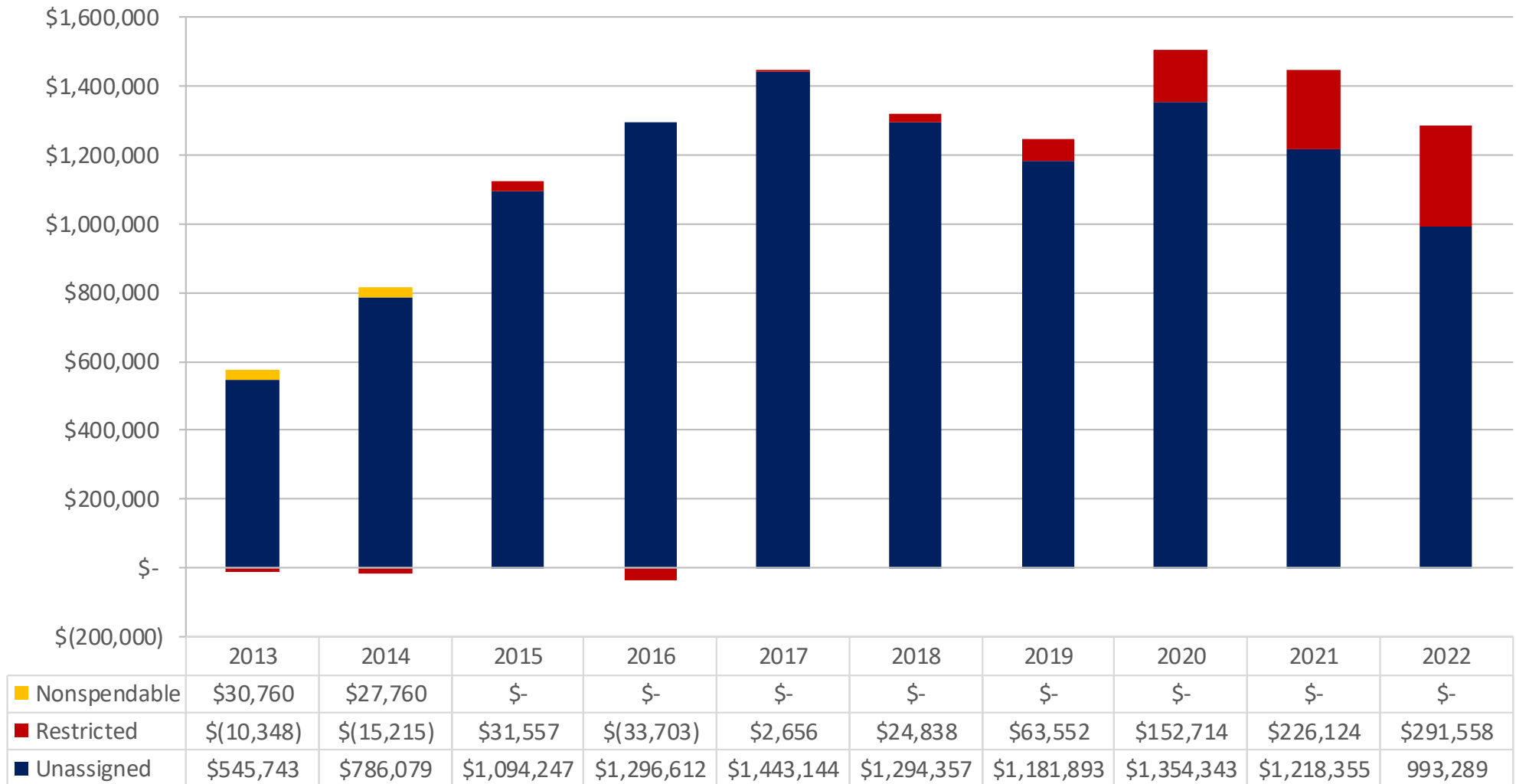
CHANGES IN UFARS FUND BALANCES

Fund Balance: cumulative difference between fund assets and fund liabilities

	<u>Fund Balance Beginning of Year</u>	<u>Net Change in Fund Balance</u>	<u>Fund Balance End of Year</u>
Restricted for student activities	\$ 45,021	\$ (101)	\$ 44,920
Restricted for scholarships	34,177	(1,600)	32,577
Restricted for staff development	33,538	18,670	52,208
Restricted for long term facilities maintenance	113,388	48,465	161,853
Unassigned	<u>1,218,355</u>	<u>(225,066)</u>	<u>993,289</u>
	<u>\$ 1,444,479</u>	<u>\$ (159,632)</u>	<u>\$ 1,284,847</u>

TOTAL FUND BALANCES

Total fund balances of the General Fund for the past 10 years:



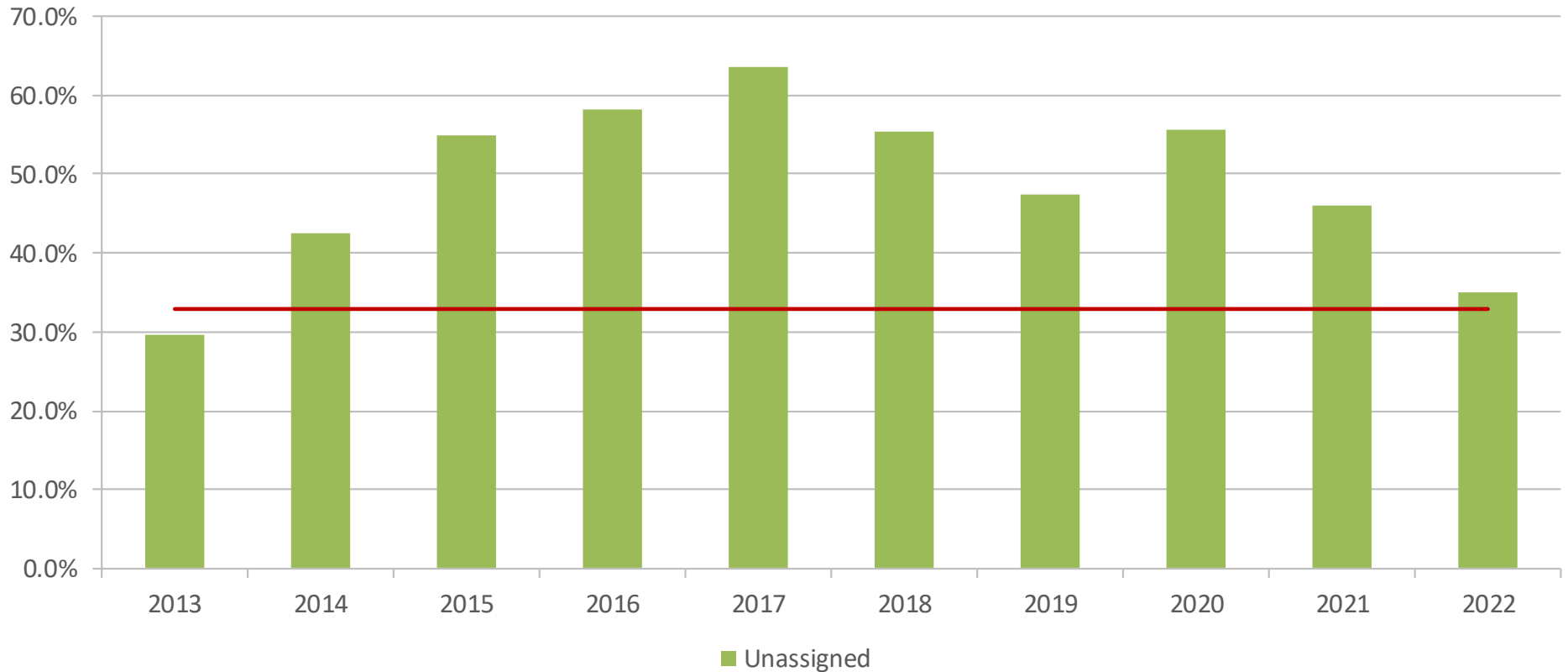
RECOMMENDATIONS REGARDING FUND BALANCES

The District's Policy: strive to maintain a minimum unassigned fund balance in an amount that shall be no less than 33% of the annual operating expenditures. For the current year that target amount is \$956,000.

Government Finance Officers Association (GFOA): recommends, at a minimum, that governments maintain unrestricted fund balances in their general fund of no less than two months (16.67%) of regular general fund expenditures. For the current year that target amount is \$478,000.

UNASSIGNED FUND BALANCE

The District's unrestricted fund balance and unassigned fund balance as a percentage of expenditures in the General Fund for the last 10 years:



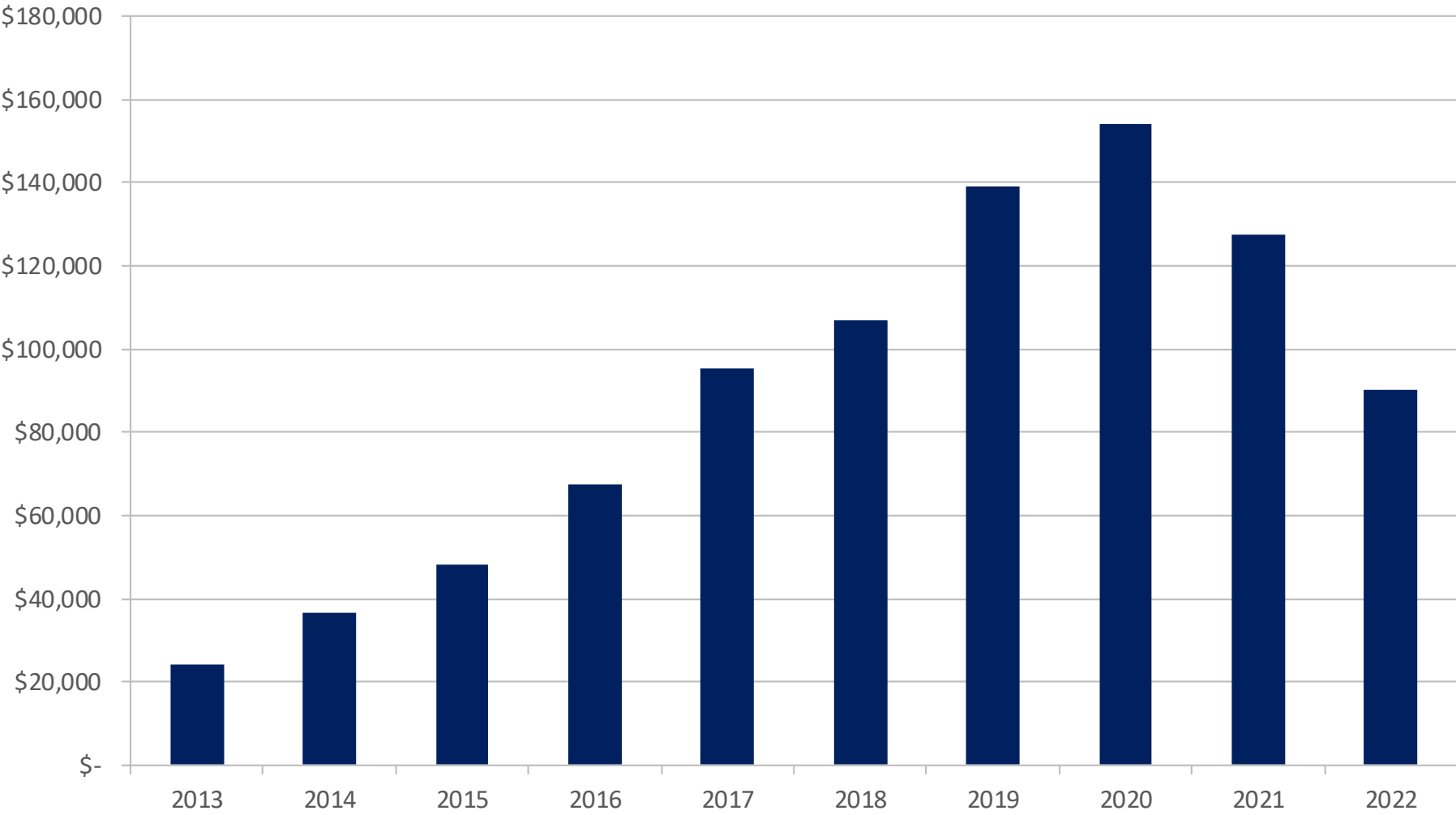
The maroon lines indicate the District's fund balance policy of maintaining an unassigned fund balance of 33% of expenditures.



OTHER FUNDS

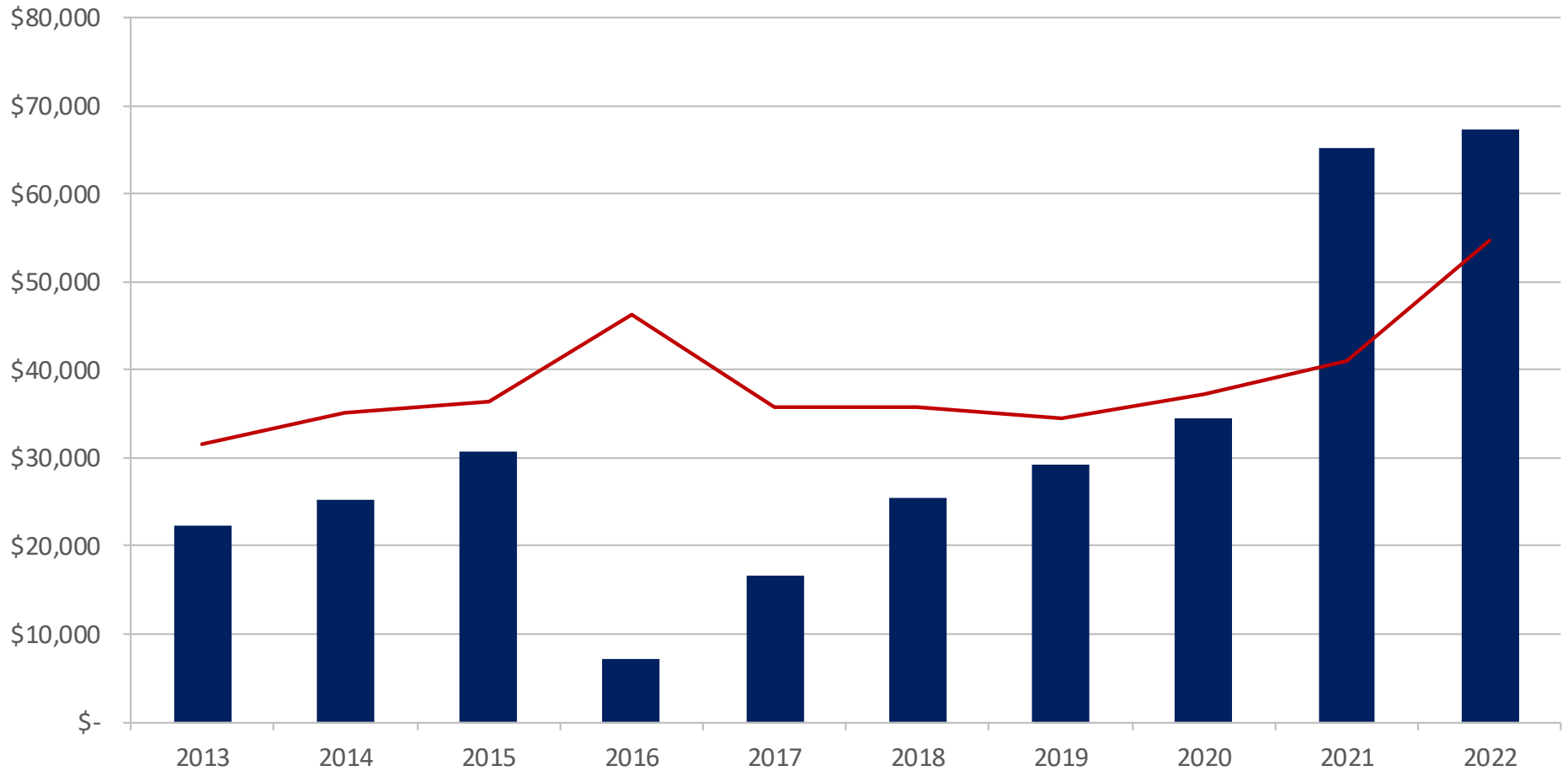
YEAR-END FUND BALANCE – COMMUNITY SERVICE FUND

Positive fund balance indicates that revenues of the community service programs are sufficient to cover the expenditures of the programs.



YEAR END FUND BALANCE – FOOD SERVICE FUND

Positive fund balance indicates that revenues of the food service program are sufficient to cover the expenditures of the program.



The maroon line indicates the maximum allowable fund balance of three months expenditures.

WHAT'S NEXT AND OTHER TOPICS

- Federal grant programs
 - American Rescue Plan Act
 - Infrastructure Investment and Jobs Act
- *GASB No. 96, Subscription-Based Information Technology Arrangements (2023)*
- Ongoing Communication – throughout the year
 - Online publications
 - Webinars
 - Access to specialists



QUESTIONS?

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THANK YOU

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