



# INDEPENDENT SCHOOL DISTRICT NO. 771

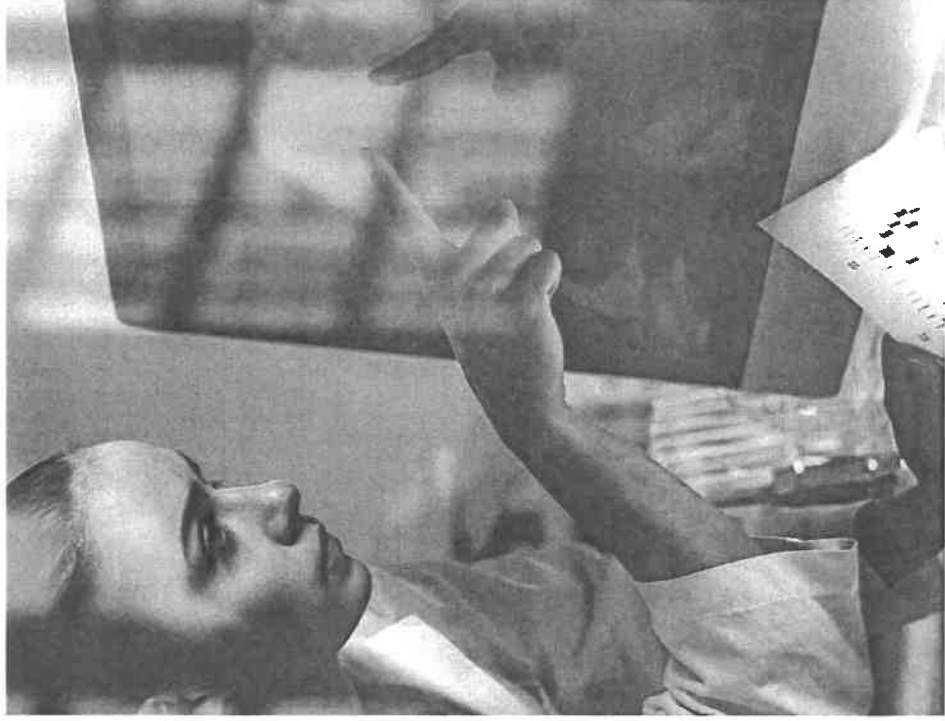
Executive Summary | June 30, 2024



CPAs & BUSINESS ADVISORS



# AUDIT RESULTS AND FINDINGS



## AUDIT OPINION

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- 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

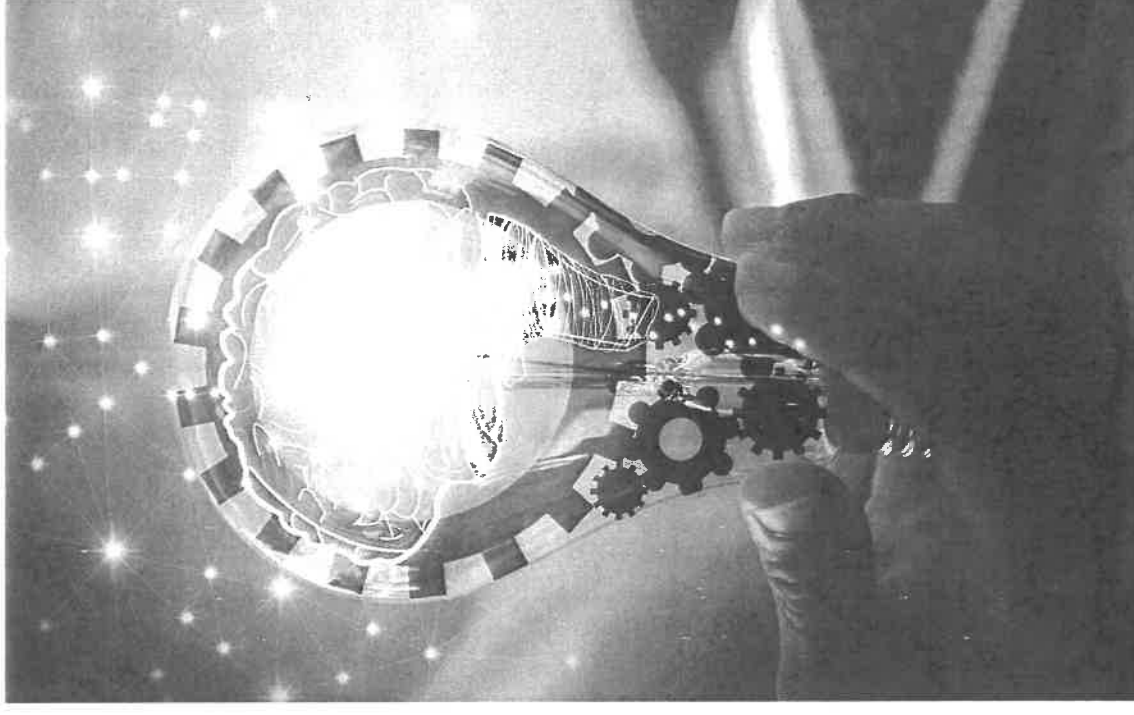
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- **Financial Statements:**

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

- **Minnesota Legal Compliance:**

1. Inactive Student Activity Accounts
2. Negative Student Activity Account Balances
3. Inadequate Approval of Student Activity Fund Disbursements
4. Improper Disposal of Discontinued Activity Accounts
5. Failure to Obtain Bids and Quotes When Procuring a Contract

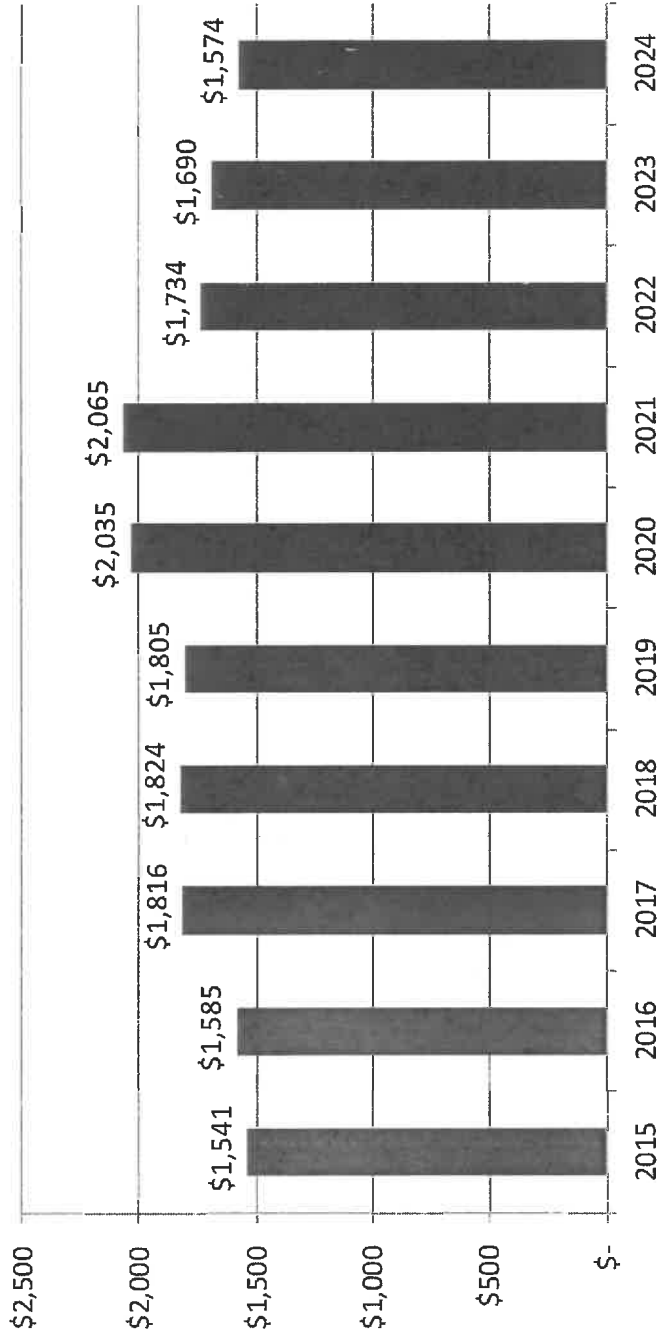




# CASH AND INVESTMENTS

# CASH/INVESTMENTS

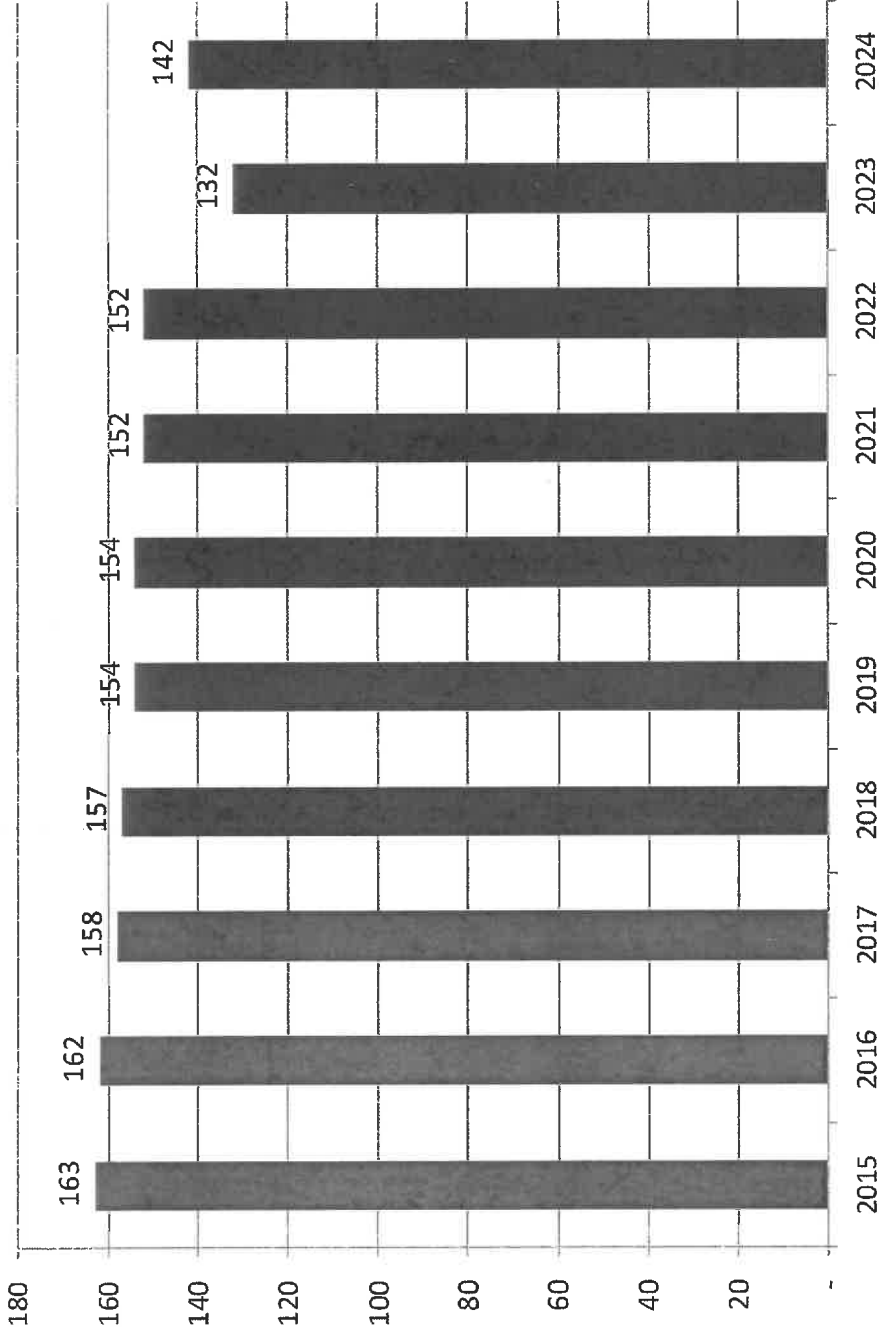
- Most significantly affected by the state aid payments structure.
- Balances (in thousands) of the District for the past ten years:





# GENERAL FUND

# ADM SERVED

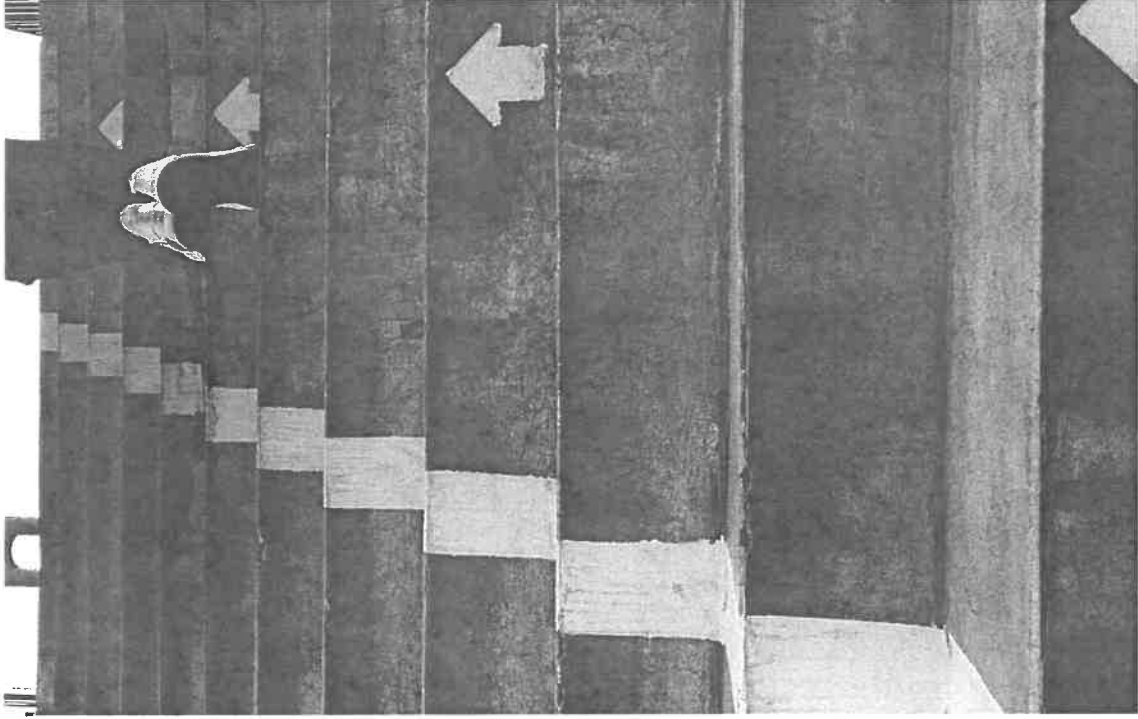




# BUDGET TO ACTUAL

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
State sources	\$ 1,789,171	\$ 1,867,759	\$ 1,977,282	\$ 109,523
Local levies	852,921	849,349	848,092	(1,257)
Federal sources	23,815	67,724	60,869	(6,855)
Other	78,807	78,807	130,035	51,228
<b>Total revenues</b>	<u>2,744,714</u>	<u>2,863,639</u>	<u>3,016,278</u>	<u>152,639</u>
				<b>5.3% Over</b>
<b>Expenditures</b>				
Current				
Regular and vocational instruction	1,364,405	1,368,169	1,390,173	(22,004)
Administration and district support services	311,406	337,204	331,630	5,574
Special education instruction	361,221	438,354	472,749	(34,395)
Instructional and pupil support services	262,117	273,543	352,602	(79,059)
Sites and buildings	302,130	303,915	430,776	(126,861)
Other	66,600	56,600	76,014	(19,414)
Debt service	9,500	9,500	9,595	(95)
Capital outlay	27,478	41,678	165,741	(124,063)
<b>Total expenditures</b>	<u>2,704,857</u>	<u>2,828,963</u>	<u>3,229,280</u>	<u>(400,317)</u>
				<b>14.2% Over</b>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<u>39,857</u>	<u>34,676</u>	<u>(213,002)</u>	<u>(247,678)</u>
Other Financing Sources				
Leases (lessee)	-	-	47,190	47,190
Insurance recovery	-	-	6,209	6,209
			<u>53,399</u>	<u>53,399</u>
<b>Net Change in Fund Balance</b>	<u>\$ 39,857</u>	<u>\$ 34,676</u>	<u>(159,603)</u>	<u>\$ (194,279)</u>
<b>Fund Balance, Beginning of Year</b>			<u>1,072,702</u>	
<b>Fund Balance, End of Year</b>			<u>\$ 913,099</u>	





## A POSITIVE FUND BALANCE

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- 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

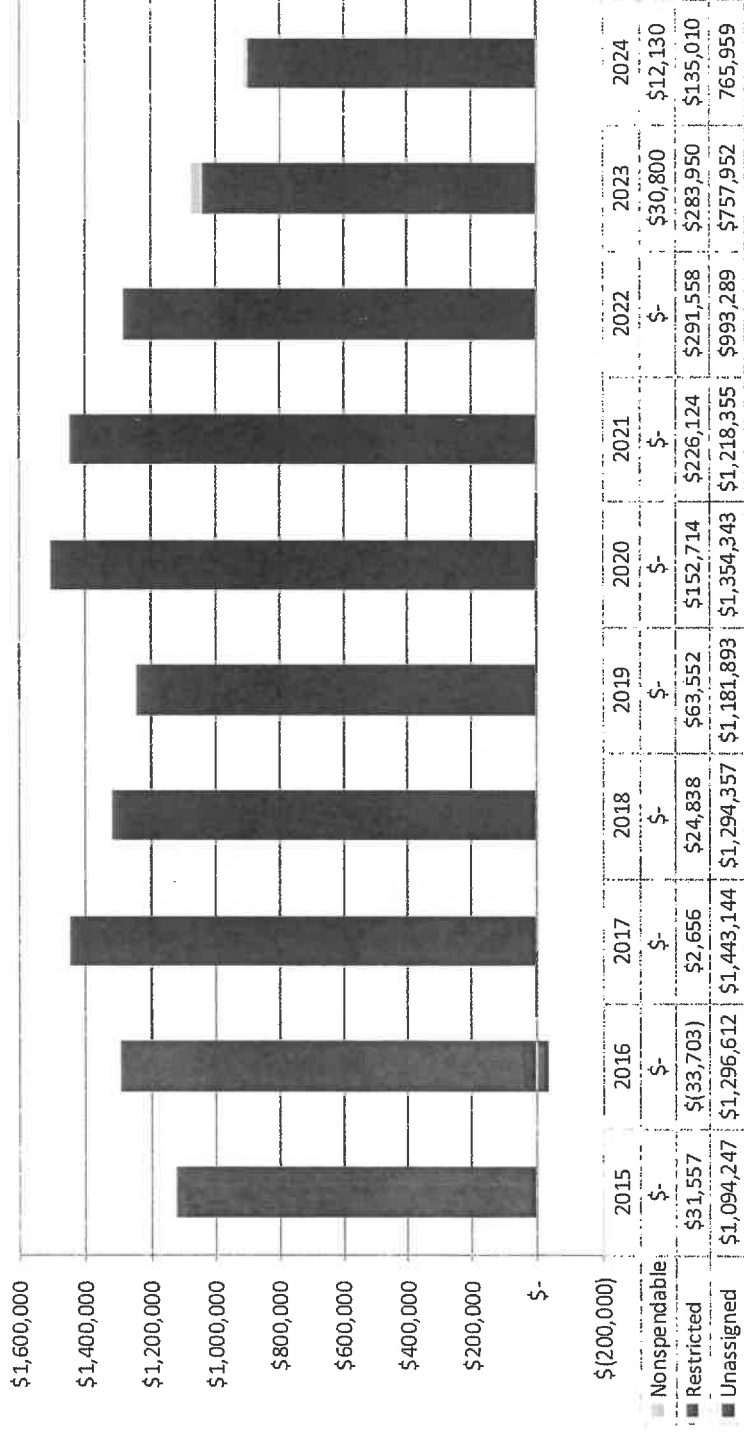
# CHANGES IN UFARS FUND BALANCES

- Fund Balance: cumulative difference between fund assets and fund liabilities

	Fund Balance Beginning of Year	Net Change in Fund Balance	Fund Balance End of Year
Nonspendable	\$ 30,800	\$ (18,670)	\$ 12,130
Restricted for student activities	46,015	(480)	45,535
Restricted for scholarships	44,482	(44,482)	-
Restricted for library aid	-	39,686	39,686
Restricted for long term facilities maintenance	193,453	(183,664)	9,789
Restricted for student support personnel	-	40,000	40,000
Unassigned	<u>757,952</u>	<u>8,007</u>	<u>765,959</u>
	<u>\$ 1,072,702</u>	<u>\$ (159,603)</u>	<u>\$ 913,099</u>

# TOTAL FUND BALANCES

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

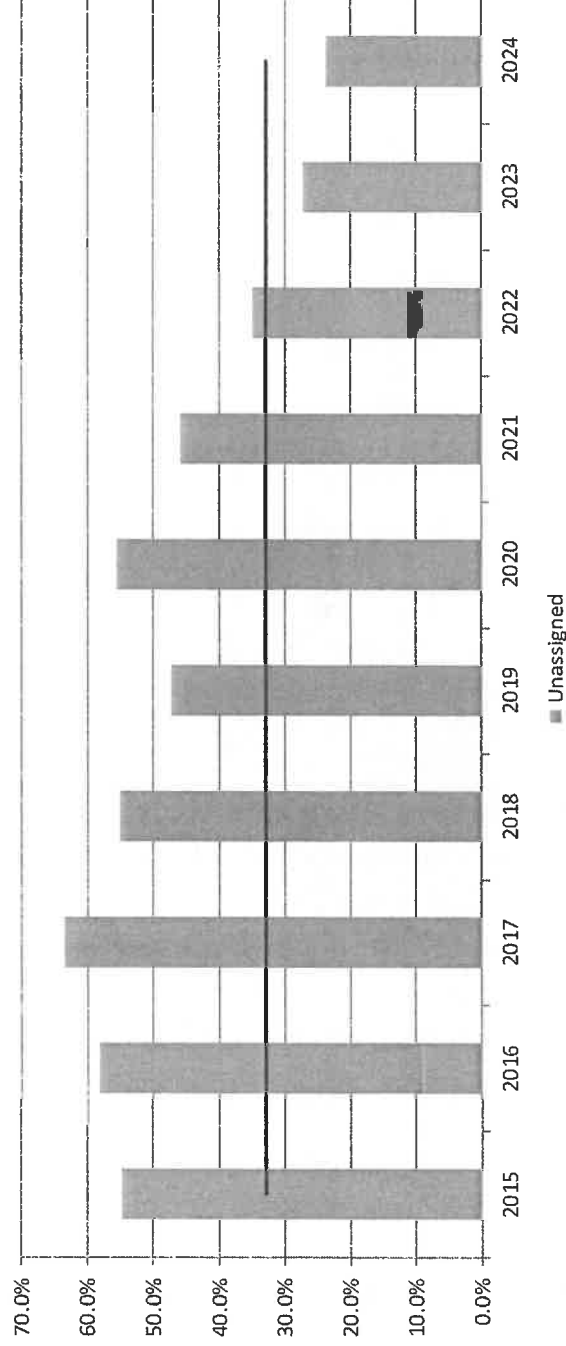


## RECOMMENDATIONS REGARDING FUND BALANCES

- **The District's Policy:** strive to maintain a minimum unassigned fund balance of four months of operating expenditures (33% of annual expenditures). For the current year that target amount is approximately \$1,076,000.
- **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 approximately \$538,000.

# UNRESTRICTED AND 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 line indicate the District's fund balance policy of maintaining an unassigned fund balance of 33% of expenditures.

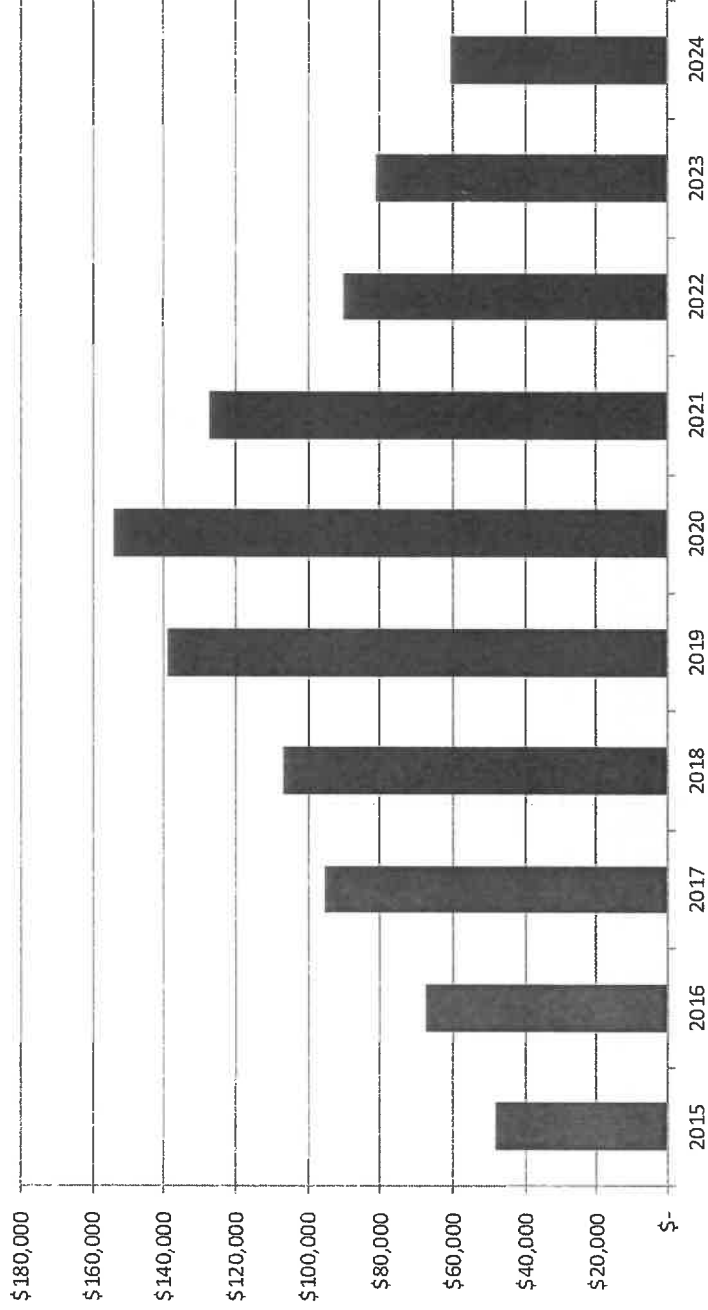


# OTHER FUNDS



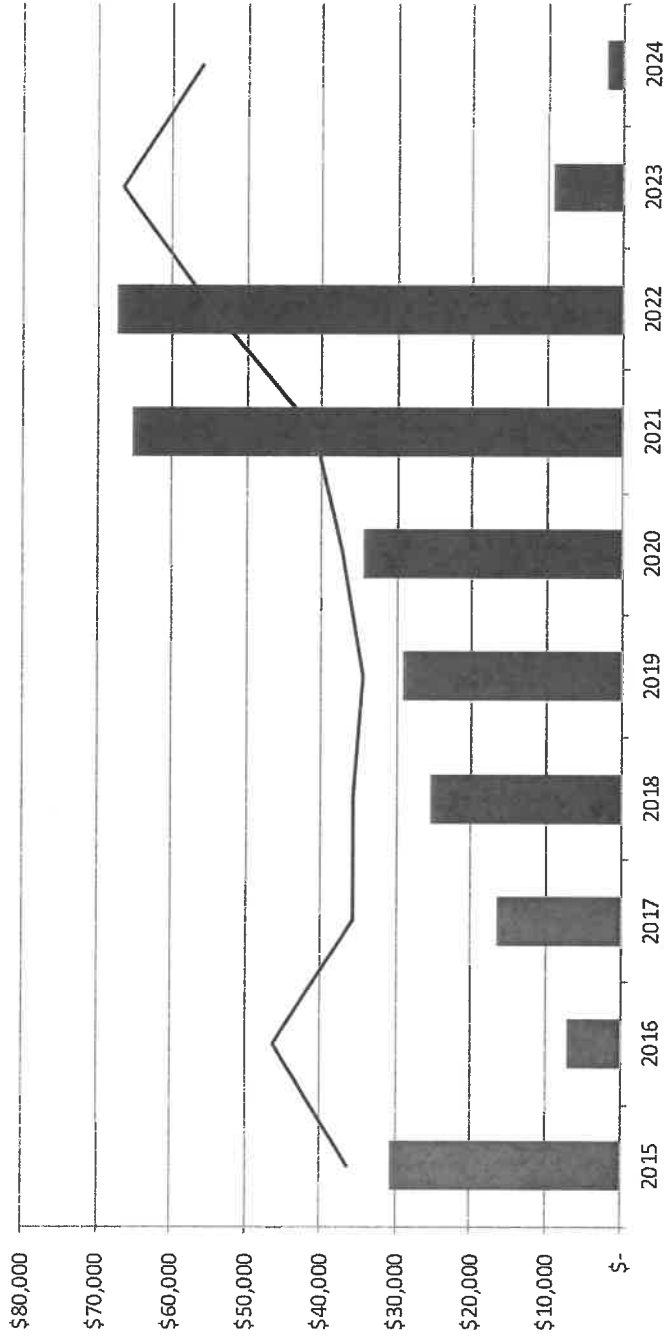
# YEAR-END FUND BALANCE – COMMUNITY SERVICE FUND

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



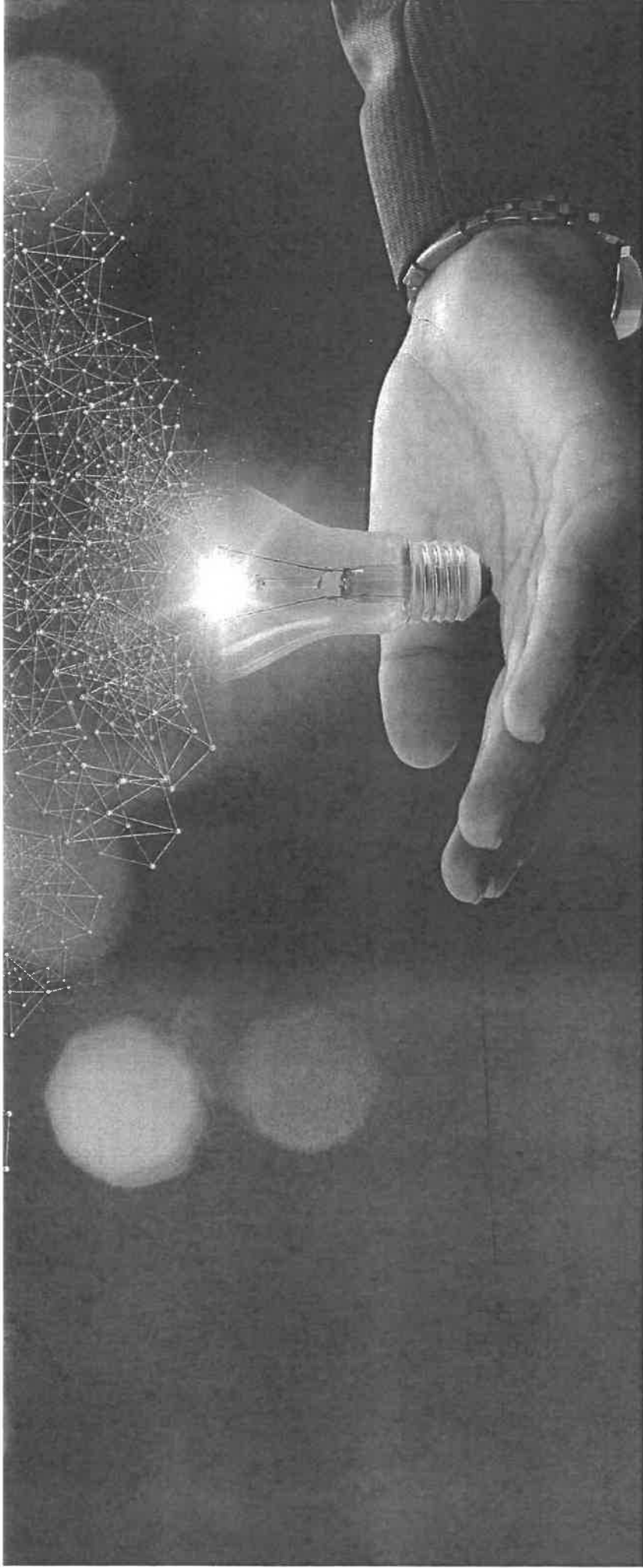
# YEAR-END FUND BALANCE – FOOD SERVICE FUND

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



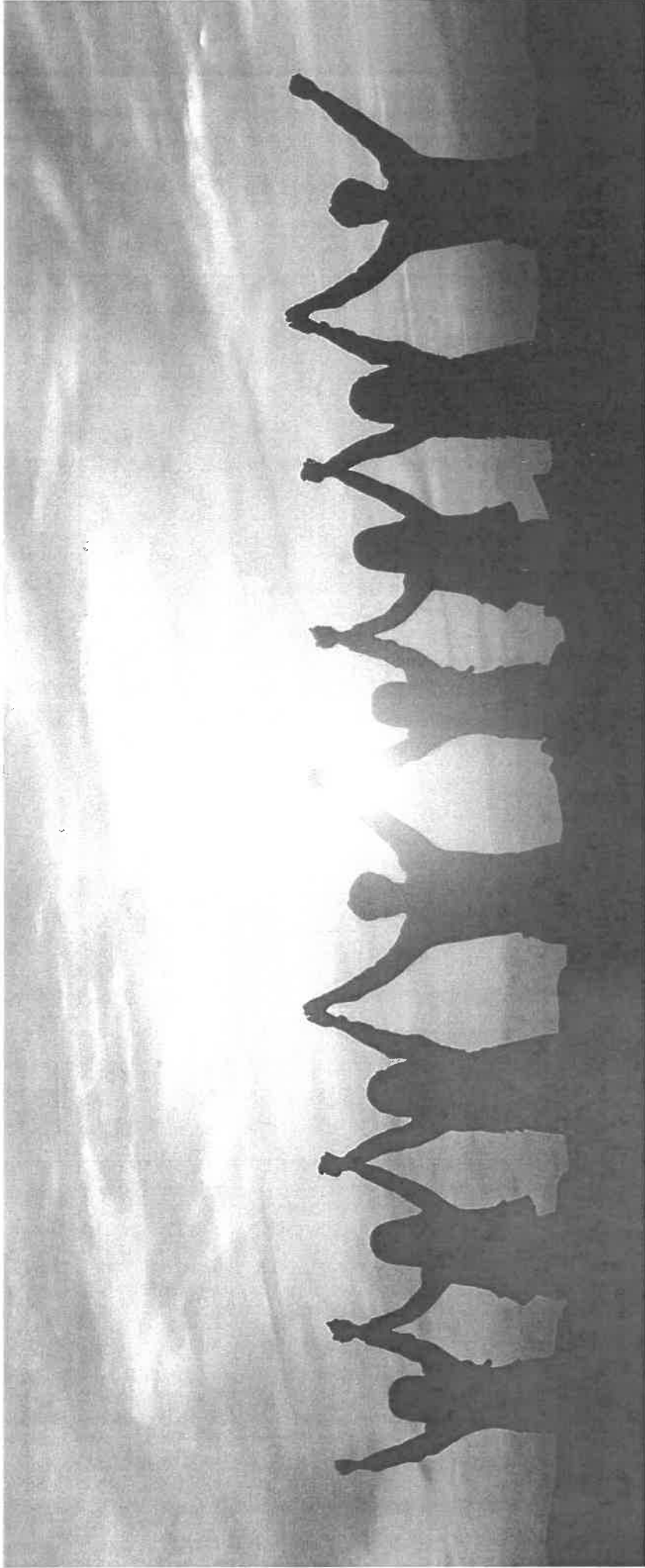
The maroon line indicates the maximum allowable fund balance of three months expenditures.





# QUESTIONS?

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