

**School Board Meeting:**

**October 25, 2021**

**Subject:**

2020-2021 Financial Audit

**Presenter:**

**Ryan L. Tangen, Director  
Finance and Operations**

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**SUGGESTED SCHOOL BOARD ACTION:**

For Board Approval.

**DESCRIPTION:**

Attached are the Audited Financial Statements and Communications Letter for the year ending June 30, 2021. Janel Bitzen from BerganKDV will attend the board meeting to give a formal presentation. The financial statement attachment is 116 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 Audited Financial Statements attachment: pages 2-20 that starts with the Independent Auditor's Report and concludes with the Management's Discussion and Analysis, pages 22-29 Government-wide Financial Statements, and pages 91-98 Fund Financial Statements. Reviewing the Communications Letter is also recommended.

The 2020-21 school year was anything but normal in the midst of the COVID-19 pandemic. Factors relating to the pandemic resulted in a 362 student decrease in enrollment and an unprecedented decrease in the resident student total of 321. The resident student total includes all students living within the BHM Schools boundaries being served in a public education setting. In spite of the challenges experienced in the past year, the District's general fund revenues exceeded expenditures due to the implementation of a five-year operating referendum, receipt of federal pandemic relief funding, and underspending as a result of the COVID-19 pandemic restrictions. The District experienced lower than expected expenditures for salary and benefit costs for substitutes and extra duty pay, staff and student travel, utilities and building maintenance. General Fund revenues and other financing sources came in \$1,577,037 or 2.11% lower than budgeted, and expenditures came in \$2,404,081 or 3.28% lower than budgeted.

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 73.7% 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 7.67% and is outside the dashboard target.

With total revenues and other financing sources ending at \$73,079,316 and total expenditures and other financing uses at \$70,812,639, the General Fund's overall fund balance increased \$2,266,677 to \$18,034,059 as of June 30, 2021. The unassigned/nonspendable fund balance ended the 2020-21 school year at \$10,620,904 or 15.00% of the General Fund's expenditures. The fund balance percentage is slightly outside the range of our fund balance policy of 8-12% but in line with the plan established with the implementation of the five-year operating referendum.

The Food Service fund balance went up for 2020-21 based on higher than projected revenues. The Community Service fund balance went down due to reduced revenue for tuition and fees generated by programming that was limited by the COVID-19 pandemic.

**Attachments:**

- 2021.0877.01.Buffalo.FinStm.District– Audited Financial Statements
- 2021.0877.01.Buffalo.ComLtr.District– Communications Letter