Financial Statements
June 30, 2024

Independent School District No. 716

Belle Plaine, Minnesota

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School Board

Name	Position	Term Expires
Terry Kahle	Chairperson	2024
Tracy O'Brien	Vice Chairperson	2024
Tonya Smith	Clerk	2026
Karl Keup	Treasurer	2026
Matt Lenz	Director	2026
Terry Morrison	Director	2024

Administration

Ryan Laager	Superintendent
Chuck Keller	Business Manager

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Independent Auditor's Report

Members of the School Board
Independent School District No. 716
Belle Plaine, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Belle Plaine Public School ISD #716 ("the District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; schedule of changes in the District's total OPEB liability and related ratios; schedule of changes in supplemental benefits liability and supplemental benefits liability; and schedule of employer's share of net pension liability and schedule of employer's contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The general fund schedule of changes in UFARS fund balances; combining balance sheet – nonmajor governmental funds; combining schedule of revenues, expenditures, and changes in fund balances – nonmajor governmental funds; the uniform financial accounting and reporting standards compliance table; and the schedule of expenditures of federal awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the general fund schedule of changes in UFARS fund balances; combining balance sheet – nonmajor governmental funds; combining schedule of revenues, expenditures, and changes in fund balances – nonmajor governmental funds; the uniform financial accounting and reporting standards compliance table; and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the list of elected school officials and administration but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with Legal Compliance Audit Guide prepared by the Office of the State Auditor pursuant to Minn. Stat. §6.65, we have also issued a report dated November 20, 2024 on our consideration of the District's compliance with aspects of the provisions of the Minnesota Legal Compliance Audit Guide for School Districts. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not directed primarily toward obtaining knowledge of noncompliance. That report is an integral part of procedures performed in accordance with Office of the State Auditor's Minnesota Legal Compliance Audit Guide for School Districts in considering the District's compliance with certain regulatory requirements pursuant to Minn. Stat. §6.65.

Eide Bailly LLP

Mankato, Minnesota
November 20, 2024

INDEPENDENT SCHOOL DISTRICT #716
BELLE PLAINE SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024

This section of Independent School District No. 716's, (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2024. Please read it in conjunction with the District's financial statements, which immediately follow this section.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model required by the Governmental Accounting Standards Board's (GASB) Statement No 34 –*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* in June 1999. Statement No. 34 contains significant requirements that enhance financial reporting. These requirements are also designed to make annual reports easier for the public to understand and more useful to stakeholders. Specifically, Statement No. 34 establishes new reporting requirements that include new financial statements, expanded disclosure, and supplemental information, including the MD&A (this section).

FINANCIAL HIGHLIGHTS

- Net position increased $5,889,716 from the prior year.
- Overall general fund revenues were $21,025,363 while overall general fund expenditures totaled $18,809,823 for the year ended June 30, 2024.
- The General fund balance increased by $2,235,737, the Debt Service fund balance increased by $123,854, the Food Service fund balance increased by $105,785, Community Service fund balance decreased by $12,362 and the Capital Projects fund increased by $342,543.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of three parts – Independent Auditor's Report, required supplemental information, which includes the management's discussion and analysis (this section), and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's overall financial status.

- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.

- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.

- *Proprietary fund* statements used to account for the activities of the District's self-insured health and dental plans.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The diagram shows how the various parts of this annual report are arranged and related to one another.

OVERVIEW OF THE FINANCIAL STATEMENTS

The major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain, are summarized below. The remainder of the overview section of the MD&A highlights the structure and content of each of the statements.

Fund Financial Statements

	District-Wide Statements	Governmental Funds	Internal Service Funds
Scope	Entire district	The activities of the district that are not proprietary, such as special education and building maintenance	The District's proprietary fund used to account for the activities of the District's self-insured health & dental plans.
Required Financial Statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenses, and Changes in Fund Balances	• Statement of Net Position • Statement of Changes in Net Position • Statement of Cash Flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of Asset / Liability Information	All assets, deferred inflows of resources, liabilities, and deferred outflows of resources, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred inflows of resources, liabilities, and deferred outflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's Net Position and how it has changed. Net Position—the difference between the District's assets, deferred inflows, liabilities, and deferred outflows is one way to measure the District's financial health or position.

Over time, increases or decreases in the District's Net Position are an indicator of whether its financial position is improving or deteriorating, respectively.

- Governmental activities – Most of the District's basic services are included here, such as regular and special education, transportation, administration, food services, and community education. Property taxes and state aids finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

The District has two kinds of funds:

Governmental funds – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information following the governmental funds statements that explains the relationship (or difference) between them.

Proprietary funds – The District's proprietary funds are used to report and account for the District's self-insured health and dental. These funds are accounted for in a separate section in the audit report to provide accounting methods similar to those used by private sector companies. Consequently, the proprietary funds statements provide a short-term view that helps to determine whether their programs are beneficial to the members.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (DISTRICT-WIDE FINANCIAL STATEMENTS)

Net Position:

The District's combined net position was $21,804,213 on June 30, 2024 (see details in Table A-1). This represents an increase in comparison to June 30, 2023.

Table A-1

Statement of Net Position
June 30, 2024 and 2023

	2024	2023
Assets		
Current assets	$ 19,644,820	$ 16,057,612
Capital assets	33,195,694	33,735,449
Total assets	52,840,514	49,793,061
Deferred Outflows of Resources	3,165,499	4,545,114
Liabilities		
Other liabilities	2,534,030	2,277,535
Long-term liabilities	24,952,520	28,198,312
Total liabilities	27,486,550	30,475,847
Deferred Inflows of Resources	6,715,250	7,947,831
Net Position (Deficit)		
Net investment in capital assets	21,619,663	19,675,725
Restricted for specific purposes	5,691,722	4,247,886
Unrestricted	(5,507,172)	(8,009,114)
Total net position	$ 21,804,213	$ 15,914,497

<u>Change in Net Position</u>

Table A-2

Statements of Activities
Years Ended June 30, 2024 and 2023

	2024	2023
Revenues		
Program revenues		
Charges for service	$ 1,600,475	$ 1,800,355
Operating grants and contributions	5,315,090	3,940,657
General		
Property taxes	4,363,466	4,119,019
Fiscal disparities	557,564	674,675
Aids and payments from state and other	13,793,323	13,165,776
Interest earnings	440,917	322,543
Gain on sale of equipment	200	33,097
Miscellaneous revenues	906,312	262,106
Total revenues	26,977,347	24,318,228
Expenses		
Administration	1,019,207	1,072,799
District support services	522,913	792,627
Regular instruction	8,125,748	5,992,371
Vocational instruction	556,743	358,564
Special education instruction	3,535,489	3,411,253
Community education and services	1,252,120	1,138,951
Instructional support services	536,721	510,075
Pupil support services	2,669,862	2,551,815
Sites and buildings	2,598,706	5,390,408
Fiscal and other fixed-cost programs	148,074	127,606
Interest and fiscal charges	122,048	93,653
Total expenses	21,087,631	21,440,122
Change in Net Position	5,889,716	2,878,106
Net Position - Beginning	15,914,497	13,036,391
Net Position - Ending	$ 21,804,213	$ 15,914,497

Changes in Net Position. The District's total revenues were $26,977,347 for the year ended June 30, 2024 (See Table A-2). Unallocated state and federal aid along with local property taxes accounted for 69% of the total revenue for the year. Operating and capital grants and contributions for specific programs contributed 20% and the remainder from fees charged for services and miscellaneous sources 10%.

The total cost of all programs and services was $21,087,631 for the year ended June 30, 2024. The District's expenses are predominantly related to student education and student educational support (79%). The District's administrative activities accounted for 5% of the total costs. Total revenues surpassed total expenses, increasing net position $5,889,716 from the prior fiscal year.

Governmental Activities:

- The cost of all governmental activities this year was $21,087,631.
- The users of the District's programs financed $1,600,475 of the cost of services through charges for services.
- District and state taxpayers financed $18,714,353 of the District's costs. This portion of governmental activities was financed with $4,363,466 in property taxes, $557,564 in fiscal disparities, and $13,793,323 unrestricted state aid based on the statewide educational aid formula.
- The balance of $6,662,519 was financed from operating grants and contributions, interest, and miscellaneous earnings.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (FUNDS FINANCIAL STATEMENTS)

The financial performance of the District as a whole is reflected in its governmental funds. At the end of the 2024 fiscal year, the District's governmental funds reported combined fund balances of $11,008,173. This is compared to $8,212,616 for the previous year. This includes nonspendable, restricted, committed, assigned, and unassigned fund balances.

Total revenue and expenditures for the District's governmental funds were $26,877,064 and $25,439,724, respectively. As a result, the District completed the year with a surplus of revenues over expenditures in the amount of $1,437,340. Additionally, other financing sources for the District's governmental funds resulted in sources of $1,358,217.

General Fund:
The General Fund is used to account for all revenues and expenditures of the District not accounted for elsewhere. This fund is used to account for: K-12 educational activities, District instructional and student support programs, expenditures for both District and school administration, normal operations and maintenance, pupil transportation, capital expenditures, and all other legal expenditures not specifically designated to be accounted for in any other fund.

Revenues:

Revenues totaled $21,025,363, an increase of $2,359,341 from the prior fiscal year. The following schedule presents a summary of General Fund revenues.

	Year Ended June 30, 2024	Year Ended June 30, 2023	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local property taxes	$ 1,902,536	$ 1,808,541	$ 93,995	5.2%
Other local sources	1,740,573	1,051,883	688,690	65.5%
State sources	16,490,871	14,686,912	1,803,959	12.3%
Federal sources	891,383	1,118,686	(227,303)	-20.3%
Total General Fund Revenues	$ 21,025,363	$ 18,666,022	$ 2,359,341	12.6%

Expenditures:

Expenditures totaled $18,809,823, an increase of $146,555 from the prior fiscal year. The following schedule presents a summary of General Fund expenditures.

	Year Ended June 30, 2024	Year Ended June 30, 2023	Amount of Increase (Decrease)	Percent Increase (Decrease)
Salaries and benefits	$ 13,604,250	$ 12,965,940	$ 638,310	4.9%
Purchased services	3,150,872	3,449,862	(298,990)	-8.7%
Supplies and materials	1,479,778	1,565,675	(85,897)	-5.5%
Capital expenditures	477,193	547,919	(70,726)	-12.9%
Other expenditures	97,730	133,872	(36,142)	-27.0%
Total General Fund Expenditures	$ 18,809,823	$ 18,663,268	$ 146,555	0.8%

Food Service Fund:

The Food Service Fund revenues for 2024 totaled $1,075,819 and expenditures were $970,034. The June 30, 2024, fund balance is $776,200, an increase of $105,785 from the prior fiscal year.

Community Service Fund:

The Community Service Fund revenue for 2024 totaled $1,245,184 and expenditures were $1,257,546. The June 30, 2024, fund balance is $441,211, a $12,362 decrease from the prior fiscal year.

Debt Service Fund:

The Debt Service fund revenue for 2024 totaled $3,513,437 and expenditures were $3,426,736. The June 30, 2024, fund balance is $838,353, an increase of $123,854 from the prior fiscal year.

Capital Projects:
The Capital Projects fund revenue for 2024 totaled $17,261 and expenditures were $975,585. The June 30, 2024, fund balance is $1,116,742, an increase from the prior year of $342,543.

Fund Balance:
The unassigned general fund balance is $2,621,261 and the various restricted and committed fund balances totaled $2,448,937 and $81,607, respectively. The District's nonspendable fund balance totaled $81,766, while assigned fund balance totaled $2,602,096.

The single best measurement of the District's overall financial health in the General Fund is the unassigned fund balance. The District closely monitors this fund balance through budget planning sessions.

Budgetary Highlights:
The District's operating budget (revised in May of 2024) showed revenues would exceed expenditures in the General Fund by $567,378, the actual results for the year show revenues and other financing sources were greater than expenditures by $2,235,737, largely due to additional interest income, State Aid, Medical Assistance billings, and several large donations.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:
By the end of 2024, the District had invested $60,336,058 in a broad range of capital assets, including school buildings, land, computer and equipment for various instructional programs (see Table A-7). Total depreciation expense for the year was $1,231,481. More detailed information about capital assets can be found in Note 3 to the financial statements.

Table A-7
Capital Assets

Capital Assets Governmental Activities
June 30, 2024 and 2023

	2024	2023
Land	$ 1,068,384	$ 1,068,384
Construction in progress	218,984	-
Buildings	53,494,178	53,479,066
Land Improvements	361,358	361,358
Equipment	5,193,154	4,735,524
Accumulated Depreciation	(27,140,364)	(25,908,883)
Total capital assets	$ 33,195,694	$ 33,735,449

Long-Term Liabilities:
As of June 30, 2024, the District had bonds payable, bond premium, and financed purchases payable of $12,692,773. Additionally, The District has a net pension liability of $11,612,995, total other post-employment benefit liability of $614,483 and other supplemental benefits payable of $32,269 at year end. More detailed information about long-term liabilities can be found in Notes 3 - 6 to the financial statements.

Factors Bearing on the District's Future:
The District is dependent on the State of Minnesota for its revenue authority. Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs and increased costs due to inflation.

The Legislative session passed numerous bills that will be beneficial to our district. These benefits included a 4% or $275 per pupil unit basic formula increase for FY24 and 2% or a $143 per pupil unit basic formula increase for FY25. The District also expects an increase in Special Education Cross Subsidy Aid as the percentage increased from 6.43% to 44% for FY24-26 and 50% for FY27. All remaining ESSER funds have been exhausted in FY24. The District expects that this funding hole will be replaced with the increase in Compensatory Aid and the increase in the Special Education Cross-Subsidy funding.

Contacting the District's Financial Management:
This financial report is designed to provide the District's citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or would like additional information, contact the District Office, ISD #716, 130 South Willow Street, Belle Plaine, MN 56011.

Statement of Net Position
June 30, 2024

Assets		
Cash and cash equivalents	$	14,361,995
Receivables		
Current property taxes		2,797,497
Delinquent property taxes		17,633
Accounts		31,649
Due from other Minnesota school districts		4,238
Due from Minnesota Department of Education		1,723,606
Due from Federal through Minnesota Department of Education		626,436
Inventories		7,223
Prepaid items		74,543
Capital assets not being depreciated:		
Land		1,068,384
Construction in Progress		218,984
Capital assets, net of accumulated depreciation:		
Land improvements		36,271
Buildings		30,250,393
Equipment		1,621,662
Total assets		52,840,514
Deferred Outflows of Resources		
Other postemployment benefits		59,979
Other supplemental benefits		12,800
Pension plans		3,092,720
Total deferred outflows of resources		3,165,499
Liabilities		
Salaries payable		658,799
Accounts payable		643,538
Interest payable		80,042
Due to other Minnesota school districts		194,240
Due to other governmental units		43,753
Payroll deductions		809,331
Unearned revenue		19,279
Claims incurred but not reported		85,048
Noncurrent liabilities:		
Due within one year - bonds payable, related premium, and financed purchases		3,410,733
Due in more than one year - bonds payable, related premium, and financed purchases		9,282,040
Due in more than one year - total OPEB liability		614,483
Due in more than one year - supplemental benefits		32,269
Due in more than one year - net pension liability		11,612,995
Total liabilities		27,486,550
Deferred Inflows of Resources		
Other postemployment benefits		166,533
Pension plans		1,323,176
Property taxes levied for subsequent year		5,225,541
Total deferred inflows of resources		6,715,250
Net Position (Deficit)		
Net investment in capital assets		21,619,663
Restricted		5,691,722
Unrestricted		(5,507,172)
Net position	$	21,804,213

Statement of Activities
Year Ended June 30, 2024

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities				
Administration	$ 1,019,207	$ -	$ -	$ (1,019,207)
District support services	522,913	-	-	(522,913)
Regular instruction	8,125,748	446,345	1,127,290	(6,552,113)
Vocational instruction	556,743	3,633	-	(553,110)
Special education instruction	3,535,489	-	3,054,343	(481,146)
Community education and services	1,252,120	918,290	133,196	(200,634)
Instructional support services	536,721	-	-	(536,721)
Pupil support services	2,669,862	195,212	1,000,261	(1,474,389)
Sites and buildings	2,598,706	36,995	-	(2,561,711)
Fiscal and other fixed cost programs	148,074	-	-	(148,074)
Interest and fiscal charges	122,048	-	-	(122,048)
Total governmental activities	$ 21,087,631	$ 1,600,475	$ 5,315,090	(14,172,066)
General Revenues				
Property taxes and other county sources				4,363,466
Fiscal disparities				557,564
Aids and payments from the state				13,793,323
Interest earnings				440,917
Gain on sale of equipment				200
Miscellaneous				906,312
Total general revenues				20,061,782
Changes in Net Position				5,889,716
Net Position - Beginning				15,914,497
Net Position - Ending				$ 21,804,213

Balance Sheet – Governmental Funds
June 30, 2024

	General	Capital Projects	Debt Service	Total Nonmajor Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 8,352,570	1,311,995	$ 2,246,202	$ 1,425,237	$ 13,336,004
Receivables					
Current property taxes	1,027,776	-	1,713,991	55,730	2,797,497
Delinquent property taxes	6,978	-	10,269	386	17,633
Accounts	31,649	-	-	-	31,649
Due from other Minnesota school districts	4,238	-	-	-	4,238
Due from Minnesota Department of Education	1,650,778	-	59,490	13,338	1,723,606
Due from Federal through Minnesota Department of Education	626,436	-	-	-	626,436
Inventories	7,223	-	-	-	7,223
Prepaid items	74,543	-	-	-	74,543
Total assets	$ 11,782,191	$ 1,311,995	$ 4,029,952	$ 1,494,691	$ 18,618,829
Liabilities					
Salaries payable	$ 579,685	$ -	$ -	$ 79,114	$ 658,799
Accounts payable	383,013	195,253	6,200	59,072	643,538
Due to other Minnesota school districts	194,240	-	-	-	194,240
Due to other governmental units	43,753	-	-	-	43,753
Payroll deductions	809,331	-	-	-	809,331
Unearned revenue	-	-	-	19,279	19,279
Total liabilities	2,010,022	195,253	6,200	157,465	2,368,940
Deferred Inflows of Resources					
Unavailable revenue - delinquent taxes	6,412	-	9,413	350	16,175
Property taxes levied for subsequent year	1,930,090	-	3,175,986	119,465	5,225,541
Total deferred inflows of resources	1,936,502	-	3,185,399	119,815	5,241,716
Fund Balances					
Nonspendable	81,766	-	-	-	81,766
Restricted	2,448,937	1,116,742	838,353	1,217,411	5,621,443
Committed	81,607	-	-	-	81,607
Assigned	2,602,096	-	-	-	2,602,096
Unassigned	2,621,261	-	-	-	2,621,261
Total fund balances	7,835,667	1,116,742	838,353	1,217,411	11,008,173
Total liabilities, deferred inflows of resources, and fund balances	$ 11,782,191	$ 1,311,995	$ 4,029,952	$ 1,494,691	$ 18,618,829

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2024

Total Fund Balances for Governmental Funds		$	11,008,173
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.			33,195,694
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore, are reported as unearned revenue in the funds.			16,175
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.			(80,042)
The internal service fund accounts for the district's health and dental self-insurance plan. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net position.			940,943
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the governmental funds.			(106,554)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.			1,769,544
Deferred outflows and inflows of resources related to supplemental benefits are applicable to future periods and, therefore, are not reported in the governmental funds.			12,800
Long-term liabilities that pertain to governmental funds are not due and payable in the current period, and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year end are:			
Bonds Payable, including bond premium	$ 12,651,965		
Financed Purchases Payable	40,808		
OPEB Liability	614,483		
Supplemental Benefits Liability	32,269		
Multi-Employer Plans Net Pension Liability	11,612,995		
			(24,952,520)
Total Net Position for Governmental Activities		$	21,804,213

	General	Capital Projects	Debt Service	Total Nonmajor Funds	Total Governmental Funds
Revenues					
Local property tax levies	$ 1,902,536	$ -	$ 2,838,386	$ 130,450	$ 4,871,372
Other local and county sources	1,740,573	17,261	72,852	971,431	2,802,117
State sources	16,490,871	-	602,199	713,056	17,806,126
Federal sources	891,383	-	-	417,626	1,309,009
Local sales and insurance recovery	-	-	-	88,440	88,440
Total revenues	21,025,363	17,261	3,513,437	2,321,003	26,877,064
Expenditures					
Administration	929,603	-	-	-	929,603
District support services	856,224	-	-	-	856,224
Regular instruction	8,232,367	-	-	-	8,232,367
Vocational instruction	565,437	-	-	-	565,437
Special education instruction	3,575,815	-	-	-	3,575,815
Community education and services	-	-	-	1,257,546	1,257,546
Instructional support services	738,600	-	-	-	738,600
Pupil support services	1,675,828	-	-	970,034	2,645,862
Sites and buildings	1,390,025	756,601	-	-	2,146,626
Fiscal and other fixed cost programs	135,999	-	-	-	135,999
Capital outlay	472,742	218,984	-	-	691,726
Debt service:					
Principal	229,870	-	2,895,000	-	3,124,870
Interest and fiscal charges	7,313	-	531,736	-	539,049
Total expenditures	18,809,823	975,585	3,426,736	2,227,580	25,439,724
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,215,540	(958,324)	86,701	93,423	1,437,340
Other Financing Sources (Uses)					
Bond issuance	-	1,250,000	-	-	1,250,000
Insurance recovery	19,997	-	-	-	19,997
Underwriter's discount on bond issuance	-	(15,625)	-	-	(15,625)
Premium on bonds issued	-	103,645	-	-	103,645
Gain on sale of equipment	200	-	-	-	200
Operating Transfers in (out)	-	(37,153)	37,153	-	-
Total other financing sources (uses)	20,197	1,300,867	37,153	-	1,358,217
Net Change in Fund Balances	2,235,737	342,543	123,854	93,423	2,795,557
Fund Balances - Beginning	5,599,930	774,199	714,499	1,123,988	8,212,616
Fund Balances - Ending	$ 7,835,667	$ 1,116,742	$ 838,353	$ 1,217,411	$ 11,008,173

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2024

Total Net Change in Fund Balances for Governmental Funds	$	2,795,557
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period those amounts are:		
Capital outlay		691,726
Depreciation expense		(1,231,481)
In governmental funds, issuance of new debt is reported as an other financing source (in the amount of the proceeds received). However, in the statement of activities, a new debt issuance is not revenue, rather it constitutes a long-term liability in the statement of net position.		(1,250,000)
In governmental funds, OPEB obligations are measured by the amount of resources used. However, in the statement of activities, an increase in an OPEB obligation is based on the amount earned by the employees during the period. This amount is the net effect of these differences.		3,373
In governmental funds, pension liabilities are measured by the amount of resources used. However, in the statement of activities, an increase in pension liability is based on the amount earned by the employees during the period. This amount is the net of these differences.		6,373
Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences.		266,280
In the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense. In the governmental funds, however, the contributions are reported as expense.		1,154,183
The governmental funds report repayment of bond principal and capital lease principal as expenditures. In the statement of net position, however, repayment of principal reduces the liability.		3,124,870
Long-term debt interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due.		27,687
The internal service fund accounts for the district's health and dental self-insurance plan. The net revenue of the internal service fund is included in the governmental activities.		308,921
Property taxes levied and due in previous fiscal years that have not been received as of the end of the current fiscal year are recorded as unavailable revenue - delinquent taxes in the governmental funds. In the statement of activities, these taxes are considered revenue in the period for which they are levied.		(7,773)
Change in Net Position of Governmental Activities	$	5,889,716

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	With Final Budget
Revenues				
Local property tax levies	$ 1,861,563	$ 1,891,563	$ 1,902,536	$ 10,973
Other local and county sources	433,724	732,122	1,740,573	1,008,451
State sources	15,853,148	16,356,710	16,490,871	134,161
Federal sources	787,196	872,315	891,383	19,068
Total revenues	18,935,631	19,852,710	21,025,363	1,172,653
Expenditures				
Administration	921,811	949,033	929,603	19,430
District support services	783,891	799,400	856,224	(56,824)
Regular instruction	8,164,789	8,380,463	8,232,367	148,096
Vocational instruction	518,824	530,075	565,437	(35,362)
Special education instruction	3,572,835	3,664,799	3,575,815	88,984
Instructional support services	983,705	994,194	738,600	255,594
Pupil support services	1,678,733	1,689,501	1,675,828	13,673
Sites and buildings	2,097,893	2,110,099	1,862,767	247,332
Fiscal and other fixed cost programs	170,816	167,768	135,999	31,769
Debt service				
Principal	-	-	229,870	(229,870)
Interest and fiscal charges	-	-	7,313	(7,313)
Total expenditures	18,893,297	19,285,332	18,809,823	475,509
Excess of Revenues Over Expenditures	42,334	567,378	2,215,540	1,648,162
Other Financing Sources				
Insurance recovery	-	-	19,997	19,997
Gain on sale of equipment	-	-	200	200
Total Other Financing Sources	-	-	20,197	20,197
Net Change in Fund Balances	$ 42,334	$ 567,378	2,235,737	$ 1,668,359
Fund Balances - Beginning			5,599,930	
Fund Balances - Ending			$ 7,835,667	

Statement of Net Position – Proprietary Fund
June 30, 2024

	Governmental Activities - Internal Service Fund
Current Assets	
Cash	$ 1,025,991
Liabilities	
Claims incurred but not reported	85,048
Net Position	
Unrestricted	$ 940,943

Statement of Changes in Net Position – Proprietary Fund
Year Ended June 30, 2024

	Governmental Activities - Internal Service Fund
Operating Revenues	
Health and dental premiums	$ 2,326,652
Operating Expenses	
Health and dental claims	1,546,176
Administration fees	471,555
Total operating expenses	2,017,731
Change in Net Position	308,921
Net Position - Beginning	632,022
Net Position - Ending	$ 940,943

	Governmental Activities - Internal Service Fund
Operating Activities	
Receipts from participants	$ 2,326,652
Payments for insurance claims and administration	(2,128,769)
Net cash from operating activities	197,883
Net Change in Cash	197,883
Cash, July 1, 2023	828,108
Cash, June 30, 2024	$ 1,025,991
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating income	$ 308,921
Changes in assets and liabilities	
Claims incurred but not reported	(111,038)
Net cash from operating activities	$ 197,883

Note 1 - Summary of Significant Accounting Policies

The Independent School District No. 716 (District) is a school district governed by a board elected by eligible voters of the District. The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant District accounting policies are described below.

A. Financial Reporting Entity

The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The District does not have any blended or discretely presented component units.

The District is the basic level of government which has oversight responsibility and control over all activities related to the public school education in the District's area. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB pronouncements, since board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, intergovernmental revenues, and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers most revenues to be available if they are collected within 60 days of the end of the current fiscal period, except as stated below. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for the following: (1) commodity inventory items are recorded when received, (2) interest and principal on long-term debt are recorded when paid, and (3) claims and judgments, group health claims, and compensated absences are recorded as expenditures when paid with expendable available financial resources. Prepaid items are recorded for approved disbursements made in advance of the year in which the item is budgeted.

Property tax revenues for all funds, which are payable by property owners in a calendar year, are recognized in the fiscal year beginning July 1 of that calendar year. State revenues are recognized in the year to which they apply according to Minnesota Statutes. Federal revenues are recorded in the year in which the related expenditure is made. If the amounts of Minnesota or Federal revenues cannot be reasonably estimated or realization is not assured, they are not recorded as revenue in the current year. Revenue from other school districts is generally recognized when related expenditures occur. All other revenue items are considered to be measurable and available as stated above.

The District reports unearned revenue on its governmental fund financial statements and government wide financial statements when resources are received by the District before the revenue has been earned. The District records unavailable revenue on its governmental fund financial statements when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the unavailable revenue is removed from the financial statements and revenue is recognized.

The proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenue of the District's internal service fund is receipts from participants. Operating expenses for the internal service fund includes payments for insurance claims and administration. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District reports the following major governmental funds:

- *General fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The general fund is used to account for educational activities, District instructional and student support programs, expenditures for the superintendent, district administration, normal operations and maintenance, pupil transportation, capital expenditures, and legal school district expenditures not specifically designated to be accounted for in any other fund. The District's Student Activity Funds of $190,774 are under board control and are reported and audited in the general fund as restricted funds.

- *Debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

- *Capital projects fund* accounts for the financial resources that are required for the acquisition of capital assets and long-term facilities maintenance upgrades.

The District reports the following non-major governmental funds:

- *Food service fund* accounts for food service revenues and expenditures.

- *Community service fund* accounts for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, adults or early childhood programs, extended day programs, or other similar services.

Additionally, the government reports the following fund types:

- *Internal service fund* is a proprietary fund used to account for the activities of the District's self-insured health and dental plans.

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position or Fund Balance

1. Cash and Cash Equivalents

Cash balances of the District's funds are combined (pooled) and invested to the extent available in various deposits and investments authorized by Minnesota State Statutes. Each fund shares in the earnings according to its average cash and investments balance. Cash includes amounts in demand deposits, as well as short-term investments, with an original maturity date within three months of the date acquired by the District. Investments are reported at fair value, except for the Minnesota School District Liquid Asset Fund (MSDLAF), an external investment pool, which in accordance with GASB 79 is valued at amortized cost, which approximates fair value. GASB Statement No. 79 requires a comparison of the MSDLAF+ Portfolio's investments on an amortized cost basis to fair values determined on a market value basis at least monthly.

2. Inventories, Commodities, and Prepaid Items

All inventories are expended when consumed rather than when purchased and are valued at the lower of cost or net realizable value, using the first-in/first-out (FIFO) method. United States Department of Agriculture commodities received are recorded as revenue at the fair market value of such commodities and included in the food service fund revenue and expenditures when received.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

3. Receivables

Under the modified accrual basis of accounting, some revenues are susceptible to accrual while others are not. Major revenues treated as susceptible to accrual are: property taxes, state and federal aids, and revenue from other Minnesota school districts. All receivables are reported at their gross value and, if appropriate, reduced by the estimated portion that is expected to be uncollectible.

Interest and certain receivables are recorded as revenue in the year earned and available to pay liabilities of the current period.

On or before September 15th of each year, the School Board certifies to the county auditor the dates it has selected for its public hearing and for the continuation of its hearing, if necessary. If not certified by this date, the county auditor will assign the hearing date. All school districts must hold public hearings on their proposed property tax levies. Also, at this time the School Board certifies its proposed property tax levy to the county auditor for collection in the following year.

Beginning on November 29th and through December 20th of each year, the District is required by state law to hold its public hearing on its proposed budgets and proposed property tax levies for the taxes payable in the following year. On or before five business days after December 20th, the School Board certifies its final adopted property taxes payable the following year to the county auditor. If the District has not certified its final property tax by this time, its property tax will be the amount levied by it in the preceding year.

In Minnesota, counties act as collection agents for all property taxes. The County spreads all levies over taxable property. Such taxes become a lien on January 1 and are recorded as receivables by the District at that date. Real property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Agricultural land taxes may be paid on May 15 and November 15. Personal property taxes may be paid on February 28 and June 30. The County provides tax settlements to Districts three times a year, in January, June, and November.

Property tax revenue is recorded under the intact levy concept whereby taxes collectible during a calendar year are recorded as revenue in the fiscal year beginning with the year of collection. Current taxes receivable represent taxes levied in 2023 which are not payable until 2024 less amounts received before June 30, 2024. Delinquent taxes receivable represent levies collectible during 2023 and prior years. Delinquent taxes are recorded as unavailable revenue. Taxes levied for subsequent years represent current taxes receivable, which are levied in 2023, but not payable until 2024 and are not expendable by the District until the 2024-2023 school year, adjusted for the property tax shift amount.

4. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $1,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50
Plumbing and Electrical	30
Building Improvements Interior, Portable Classrooms, and Fire System	25
Heating and Ventilation System, Long-term Admin Software, Furniture and Fixtures, Outdoor Equipment, Roofing, and Site Improvements	20
Custodial Equipment, Grounds Equipment, Kitchen Equipment, and Machinery and Tools	15
All Other Equipment, Short-term Admin Software, and Long-term Instructional Software	10
Vehicles and Buses	8
Carpet Replacement	7
Computer Hardware, Copiers, Short-term Instructional Software, and Library Books	5

5. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds and issuance costs are expensed in the period incurred. In the fund financial statements, governmental fund types recognize premiums received on debt issuances as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences - It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. Vacation leave is accrued as a liability and recorded as an expense of those funds as the benefits are earned by the employees. A liability for these amounts is reported only if they have matured, for example, as a result of employee resignations and retirements. All unused vacation leave at June 30, 2024, expired.

6. Other Postemployment Benefits

Under the provisions of the various employee and union contracts the District provides health coverage until age 65 if certain criteria are met. The amount to be incurred is limited as specified by contract. All premiums are funded on a pay-as-you-go basis. This amount was actuarially determined, in accordance with GASB Statement No. 75, at July 1, 2023. The plan does not issue a stand-alone financial report. Additional information can be found in Note 4.

7. Supplemental Benefits Liability

Under the provisions of the various employee contracts the District provides a lump sum payment (maximum $42,000) to retirees if certain criteria are met. The amount to be incurred is limited as specified by contract. All premiums are funded on a pay-as-you-go basis and plan members are not required to contribute. This amount was actuarially determined, in accordance with GASB 73, at July 1, 2023. The plan does not issue a stand-alone financial report. Additional information can be found in Note 5.

8. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) and additions to/deductions from PERA's and TRA's fiduciary net position have been determined on the same basis as they are reported by PERA and TRA.

TRA has a special funding situation created by direct aid contributions made by the State of Minnesota, City of Minneapolis and Minneapolis School District. The direct aid is a result of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the State of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association (DTRFA) in 2015. Additional information can be found in Note 6.

For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

9. Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then.

The District has three items that qualify for reporting in this category on the government-wide statement of net position. Deferred outflows of resources related to other postemployment benefits and supplemental benefits consists of various estimate differences and contributions made to the plan subsequent to the measurement date that will be recognized as expenditures in future years. Deferred outflows of resources related to pension plans consists of various estimate differences and contributions made to the plan subsequent to the measurement date that will be recognized as expenses in future years.

10. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

The District has three types of items that qualify for reporting in this category. The first item, unavailable revenue from property taxes, arises under a modified accrual basis of accounting and is reported only in the Governmental Funds Balance Sheet. Delinquent property taxes not collected within 60 days of year-end are deferred and recognized as an inflow of resources in the governmental funds in the period the amounts become available. The second item is property taxes levied for subsequent years, which represent property taxes received or reported as a receivable before the period for which the taxes are levied, and is reported as a deferred inflow of resources in both the government-wide statement of net position and the governmental funds balance sheet. Property taxes levied for subsequent years are deferred and recognized as an inflow of resources in the government-wide financial statements in the year for which they are levied and in the governmental fund financial statements during the year for which they are levied, if available. The third item is deferred inflows related to pension and OPEB activity as a result of various estimate differences that will be recognized as expenses in future years, reported in the government-wide statement of net position.

11. Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the District's government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets. Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

12. Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." The District's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

- Nonspendable fund balance represents a portion of fund balance that includes amounts that cannot be spent because they are either: a) not in spendable form or b) legally or contractually required to be maintained intact.
- Restricted fund balances represents a portion of fund balance that reflects constraints placed on the use of resources (other than nonspendable items) that are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority which is the School Board through an ordinance or resolution.
- Assigned fund balance represents amounts constrained by the District's intent to be used for specific purposes, but neither restricted nor committed. The School Board has the authority to assign a fund balance and the School Board has also delegated the authority to assign fund balances to the superintendent and business manager.
- Unassigned fund balance represents residual classification for the general fund. This classification represents fund balance not assigned to other funds and not restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it would be necessary to report a negative unassigned fund balance.

The District will strive to maintain a minimum unassigned general fund balance of 10 percent of the annual budget. If resources from more than one fund balance classification could be spent, the District will strive to spend resources from fund balance classifications in the following order (first to last): restricted, committed, assigned, and unassigned.

E. Inter-Fund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses in the government-wide financial statements and fund financial statements. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Transfers have been removed from the government-wide financial statements.

F. Property Taxes

The majority of district revenue is determined annually by statutory funding formulas. The total revenue allowed by these formulas is allocated between property taxes and state aids by the Legislature based on education funding priorities.

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the “tax shift,” which periodically changes the District’s recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year’s levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. The remaining portion of the taxes collectible in 2024 is recorded as deferred inflows of resources (property taxes levied for subsequent years).

Property tax levies are certified to the County Auditor in December of each year for collection from taxpayers in May and October of the following calendar year. In Minnesota, counties act as collection agents for all property taxes. The county spreads all levies over taxable property. Such taxes become a lien on property on the following January 1. The county general remits taxes to the District at periodic intervals as they are collected. A portion of the property taxes levied is paid by the State of Minnesota through various tax credits, which are included in revenue from state sources in the financial statements.

Taxes which remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is deferred in the fund financial statements because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes is considered necessary.

G. Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers’ compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the District’s insurance coverage in fiscal year 2024.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Stewardship, Compliance, and Accountability

A. Budgetary Information

The District adopts an annual budget for all funds in accordance with Minnesota State Statutes. The budget is prepared on the modified accrual basis of accounting. Before July 1, the proposed budget is presented to the School Board for review. The School Board holds public hearings and a final budget must be prepared and adopted no later than one week after the School Board approves the audited financial statements and has published the final budget in the local newspaper. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year-end. The actual revenues, expenditures, and transfers for the year ended June 30, 2024, have been compared to the District's budget for the year where applicable. Variances in parentheses are unfavorable and indicate revenues are less than budget or expenditures are greater than budget. The budget is adopted through passage of a resolution. Any revisions that alter total expenditures of any fund must be approved by the School Board.

Budgetary control is maintained by fund, at the object of expenditure category level within each program, and in compliance with state requirements. Also inherent in this controlling function is the management philosophy that the existence of a particular item or appropriation in the approved budget does not automatically mean that it will be spent. Therefore, there is a constant review process and expenditures are not approved until it has been determined that (1) adequate funds were appropriated; (2) the expenditure is still necessary; and (3) funds are available. Budgeted amounts are as originally adopted or as amended by the School Board. Budgeted expenditure appropriations lapse at year end. The School Board made several supplemental budgetary appropriations throughout the year.

Note 3 - Detailed Notes on All Funds

A. Cash and Cash Equivalents

In accordance with Minnesota Statutes, the District maintains deposits at those depository banks authorized by the School Board. All such depositories are members of the Federal Reserve System.

The following is considered the most significant risk associated with deposits:

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may be lost. The District does not have a deposit policy for custodial credit risk.

Minnesota Statutes require that all District deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

At June 30, 2024, all deposits were insured or collateralized by securities held by the District's agent in the District's name.

Concentration of Credit Risk - The District maintains its cash in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor, per insured bank, for each account ownership category. At June 30, 2024, the District had approximately $12,918,000 in excess of FDIC limits, which was properly covered by collateral held in the District's name.

The following are considered the most significant risks associated with investments:

Custodial Credit Risk – Investments - As of June 30, 2024, the District had investments in Minnesota School District Liquid Asset Fund (MSDLAF). MSDLAF is a money market account and is available to service the District's financial needs immediately. The Minnesota School District Liquid Asset Fund is an external investment pool not registered with the Securities and Exchange Commission (SEC) that follows the same regulatory rules of the SEC under rule 2a7. According to GASB 79, the fair value of the position in the pool is the same as the value of the pool's shares. The investment in the MSDLAF is not subject to the credit risk classifications as noted in paragraph 9 of GASB Statement No. 40. The District does not have an investment policy for custodial credit risk.

Interest Rate Risk – Investments - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Investments - The District may invest funds as authorized by Minnesota Statutes Section 118A.04. All funds in the MSDLAF are invested in accordance with Minnesota Statutes Section 475.66. Each Minnesota School District owns a pro-rata share of each investment which is held in the name of the Funds. The District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk – Investments - The District places no limit on the amount the district may invest in any one issuer. More than five percent of the District's investments are invested with MSDLAF (100%).

The following table presents the District's deposit and investment balance at June 30, 2024:

		Investment Maturities (in Years)	
Type	Fair Value	N/A	1 - 5
Cash and cash equivalents			
Minnesota School District Liquid Asset Fund	$ 323,960	$ 323,960	$ -
Deposits	14,038,035	14,038,035	-
	$ 14,361,995	$ 14,361,995	$ -

B. Receivables

Receivables as of the year ended June 30, 2024 for the District are reported on the Statement of Net Position and the Balance Sheet.

The Balance Sheet reports unavailable revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The Statement of Net Position and the Balance Sheet also defer revenue recognition in connection with resources that have been received, but not yet earned.

At the end of the current fiscal year, the various components of unearned revenue reported were as follows:

	Unavailable	Received but Unearned
Delinquent property taxes receivable (general fund)	$ 6,412	$ -
Delinquent property taxes receivable (community service fund)	350	-
Delinquent property taxes receivable (debt service fund)	9,413	-
Prepaid food service meals (food service fund)	-	19,279
	$ 16,175	$ 19,279

C. Capital Assets

Depreciation expense was charged to functions/programs of the primary government as follows:

District support services	$ 6,740
Regular instruction	849,729
Vocational instruction	11,220
Special education instruction	11,120
Community education and services	1,496
Instructional support services	22,987
Pupil support services	75,825
Sites and buildings	252,364
Total depreciation expense	$ 1,231,481

Capital asset activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, not being Depreciated:				
Land	$ 1,068,384	$ -	$ -	$ 1,068,384
Construction in progress	-	218,984	-	218,984
Total Capital Assets not being Depreciated	1,068,384	218,984	-	1,287,368
Capital Assets, Being Depreciated:				
Land improvements	361,358	-	-	361,358
Buildings	53,479,066	15,112	-	53,494,178
Equipment	4,735,524	457,630	-	5,193,154
Total Capital Assets, Being Depreciated	58,575,948	472,742	-	59,048,690
Less Accumulated Depreciation for:				
Land improvements	317,702	7,385	-	325,087
Buildings	22,262,219	981,566	-	23,243,785
Equipment	3,328,962	242,530	-	3,571,492
Total Accumulated Depreciation	25,908,883	1,231,481	-	27,140,364
Total Capital Assets, Being Depreciated, Net	32,667,065	(758,739)	-	31,908,326
Governmental Activities Capital Assets, Net	$ 33,735,449	$ (539,755)	$ -	$ 33,195,694

D. Financed Purchases Payable

The District entered into a financing agreement in December 2008 for the financing of energy cost savings projects. The agreement is payable in monthly installments of $8,257 over fifteen years through December 2024 at a 4.7 percent interest rate.

Following is a summary of financed purchases payable as of June 30, 2024:

Financing Description	Final	Interest Rate	Principal Payments	Original	Outstanding
Energy Savings Upgrades	12/24	4.70%	$40,808 - $94,776	$ 1,870,000	$ 40,808

The financing agreements are paid from the general fund. The outstanding agreements contain a provision that in the event of default, the assets under the financing agreement will be repossessed.

Annual debt service requirements to maturity for the financing agreements are as follows:

Years Ending June 30,	
2025	$ 41,284
Total Financing Payments	41,284
Less: Interest	(476)
Present Value of Minimum Payments	$ 40,808

The assets acquired through the capital leases are as follows:

Asset:	Energy Savings Upgrades	Technology Equipment	Land
Asset Cost	$ 5,917,671	$ 217,951	$ 662,434
Accumulated Depreciation	(1,716,124)	(152,566)	-
Total Assets Acquired through Financing Agreements	$ 4,201,547	$ 65,385	$ 662,434

E. Long-Term Debt

General Obligation Bonds. The District issued general obligation bonds to provide funds for the improvement and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District and are paid from the debt service fund. General obligation bonds currently outstanding are as follows:

Bond Description	Final	Interest Rate	Principal Payments	Original	Outstanding
General Obligation Alternative Facilities Refunding Bonds of 2016A	2/30	2.00% - 3.00%	$225,000 - $365,000	$ 2,970,000	$ 1,890,000
General Obligation Facilities Maintenance Bonds of 2017A	2/28	2.00% - 3.00%	$80,000 - $95,000	1,870,000	355,000
General Obligation School Building Refunding Bonds of 2020A	2/26	4.00% - 5.00%	$2,100,000 - $2,290,000	10,910,000	4,490,000
General Obligation Facilities Maintenance Bonds of 2021A	2/34	2.00% - 3.00%	$70,000 - $1,170,000	4,440,000	3,880,000
General Obligation Capital Facilities Bonds of 2024A	2/39	5.00%	$65,000 - $120,000	1,250,000	1,250,000
				$ 21,440,000	$ 11,865,000

During the year ended June 30, 2024, the District issued $1,250,000 of General Obligation Capital Obligation Facilities Bonds, Series 2024A to finance the construction of athletic facilities and improvements. The bonds bear an interest rate of 5.00% and call for annual principal and interest payments commencing February 2026 through February 2039.

Annual debt service requirements to maturity for general obligation bonds are as follows:

Years Ending June 30,	Governmental Activities Principal	Governmental Activities Interest
2025	$ 3,000,000	$ 388,050
2026	3,200,000	316,550
2027	1,665,000	175,900
2028	690,000	116,350
2029	710,000	97,770
2030 - 2034	2,050,000	278,050
2035 - 2039	550,000	85,000
Total	$ 11,865,000	$ 1,457,670

Changes in Long-Term Liabilities. During the year ended June 30, 2024, the following changes occurred in liabilities reported in the government-wide financial statements:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year
Bonds Payable					
General Obligation Bonds	$ 13,510,000	$ 1,250,000	$ 2,895,000	$ 11,865,000	$ 3,000,000
Bond Premium	1,053,245	103,645	369,925	786,965	369,925
Total Bonds Payable	14,563,245	1,353,645	3,264,925	12,651,965	3,369,925
Direct Borrowing, Financed Purchases Payable	270,678	-	229,870	40,808	40,808
Total	$ 14,833,923	$ 1,353,645	$ 3,494,795	$ 12,692,773	$ 3,410,733

Legal Debt Margin. Minnesota State Statutes do not allow net debt (as defined in Minn. Stat. Para. 475.51 subd. 4) to exceed 15 percent of the actual market value of all taxable property within the District. The District's market value per the School Tax Report 2023 Payable 2024 was $1,289,757,020.

F. Fund Balances

Certain portions of fund balances are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties.

The following is a summary of fund balances as of June 30, 2024:

	General	Capital Projects	Debt Service	Other Government Funds	Totals
Nonspendable					
Inventories	$ 7,223	$ -	$ -	$ -	$ 7,223
Prepaid items	74,543	-	-	-	74,543
Total nonspendable	81,766	-	-	-	81,766
Restricted					
Student activities	192,753	-	-	-	192,753
Staff development	86,677	-	-	-	86,677
American Indian education	16,283	-	-	-	16,283
Operating capital	1,050,105	-	-	-	1,050,105
Long-term facilities maintenance	767,268	152,582	-	-	919,850
Student support personnel	40,000	-	-	-	40,000
Medical assistance	295,851	-	-	-	295,851
Building construction	-	964,160	-	-	964,160
Debt service	-	-	838,353	-	838,353
Food service	-	-	-	776,200	776,200
Early childhood family education	-	-	-	349,365	349,365
School readiness	-	-	-	91,846	91,846
Total restricted	2,448,937	1,116,742	838,353	1,217,411	5,621,443
Committed					
Severance	81,607	-	-	-	81,607
Assigned					
Technology	2,602,096	-	-	-	2,602,096
Unassigned	2,621,261	-	-	-	2,621,261
Total fund balance	$ 7,835,667	$ 1,116,742	$ 838,353	$ 1,217,411	$ 11,008,173

Note 4 - Other Postemployment Benefits (OPEB)

A. Plan Description

The District's other post-employment benefits plan is a defined benefit OPEB plan that provides a single employer defined benefit health care plan to eligible retirees. Benefit provisions are established through negotiations between the District and the union representing District employees and are renegotiated at the end of each contract period. Contract groups receive other post-retirement benefits as follows:

- *Teachers* – For retirees reaching 55 years of age with 3 years of service who are Rule of 90 eligible, the District will pay $1,800 per year into a Health Retirement Annuity for 8 years.
- *Retired Superintendent* – For the current retiree only, the District will pay the Board Contribution the same as BPEA toward family medical, dental, and life insurance until age 65.
- *Retired Community Service Director and Retired Principals* – For the current eligible retirees only, the District will pay $2,000 per year for 8 years into a VEBA account.
- *All Others* – For retirees reaching 55 years of age with 5 years of service, there are no subsidized benefits.

Medical coverage is administrated by United Healthcare, which is managed by UMR Inc. The plan does not issue a publicly available financial report. No assets are accumulated in a trust.

B. Benefits Provided

The contract groups have access to other post-retirement benefits of blended medical premiums of $771 for single and $1,547 for employee + 1 coverage. The implicit rate subsidy is only until Medicare eligibility. See plan descriptions above for subsidized benefits.

C. Employees Covered by Benefit Terms

At the valuation date of July 1, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	10
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	178
	188

D. Total OPEB Liability

The District's total OPEB liability of $614,483 was measured as of July 1, 2023, and was determined by an actuarial valuation as of July 1, 2022.

E. Actuarial Assumptions

The total OPEB liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.50 percent
Salary increases	Service graded table
Discount Rate	3.90 percent
Healthcare cost trend rates	6.25% as of July 1, 2023, grading to 5.00% over 5 years and then to 4.00% over the next 48 years
Retiree plan participation	
Future retirees electing coverage:	
Pre-65 subsidy available:	90%
Pre-65 subsidy not available:	
BPESPA	15%
All Others	50%
Percent of married retirees electing spouse coverage	
Future retirees electing Pre-65 Spouse Coverage	
Spouse subsidy available:	N/A
Spouse subsidy not available:	10%

Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-Year municipal Bond Yield.

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.

The actuarial assumptions used in the July 1, 2022, valuation were based on inputs from a variety of published sources of historical and projected future financial data.

The following changes in assumptions were made for the year ending June 30, 2024:

- The discount rate was changed from 3.80% to 3.90%.

There were no changes in plan provisions for the year ending June 30, 2024.

F. Changes in the Total OPEB Liability

Balance at July 1, 2023	$ 607,025
Changes from the Prior Year:	
Service Cost	49,581
Interest Cost	23,779
Assumption Changes	(3,643)
Benefit Payments	(62,259)
Net Change	7,458
Balance at June 30, 2024	$ 614,483

G. Sensitivity of the Total OPEB Liability to Changes in Discount Rate and the Healthcare Cost Trends Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate one percentage point lower and one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Discount rate	2.90%	3.90%	4.90%
Total OPEB Liability	$ 659,495	$ 614,483	$ 571,321

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculate using a healthcare cost trend rate one percentage point lower and one percentage point higher than the current healthcare trend rates:

	1% Decrease in Healthcare Trend Rate	Selected Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
Medical trend rate	5.25%, grading to 4.00% over 5 years, then to 3.00% over the next 48 years	6.25%, grading to 5.00% over 5 years, then to 4.00% over the next 48 years	7.25%, grading to 6.00% over 5 years, then to 5.00% over the next 48 years
Total OPEB Liability	$ 538,644	$ 614,483	$ 705,369

H. OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the District recognized OPEB expense of $38,006. At June 30, 2024, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability gains/losses	$ 3,687	$ 116,076
Assumption changes	14,284	50,457
Employer contributions made after the measurement date	42,008	-
	$ 59,979	$ 166,533

The $42,008 reported as deferred outflows of resources related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	OPEB Expense Amount
2025	$ (35,354)
2026	(35,360)
2027	(37,237)
2028	(19,256)
2029	(20,838)
Thereafter	(517)

Note 5 - Supplemental Benefit Plan

A. Plan Description

The District provides a defined contribution supplemental pension benefit to certain eligible employees and report them following the guidance of GASB Statement No. 73. All of the pension benefits are based on contractual agreements with employee groups. Contract groups receive other supplement benefits as follows:

<u>Teachers</u> – For retirees meeting the "Rule of 90" eligibility, hired before June 30, 1989, and listed in the Master Contract, Appendix III, the benefit is minimum base annual salary $42,000 minus accumulated District contributions to the Matching Annuity Plan. The limitation on the total benefit is $42,000 and matching contributions are equal to $1,500 per year up to $50,000. The benefit is payable in 3 annual installments to the 403(b) plan.

B. Employees Covered by Benefit Terms

At the July 1, 2022, valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	-
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	1
	1

C. Supplemental Benefits Liability

The District's supplemental benefits liability of $32,269 was measured as of July 1, 2023, and was determined by an actuarial valuation as of July 1, 2022.

D. Actuarial Assumptions

The supplemental benefits liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary increases	Service graded table
Discount Rate	3.90 percent
20-Year Municipal Bond Yield	3.90 percent

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.

The actuarial assumptions used in the July 1, 2022, valuation were based on inputs from a variety of published sources of historical and projected future financial data.

The following changes in actuarial assumptions occurred in 2024:

- The discount rate was changed from 3.80% to 3.90%.

There were no changes in plan provisions during 2024.

E. Discount Rate

The discount rate used to measure the supplemental benefits liability was 3.90 percent. Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-year municipal bond yield.

F. Changes in the Supplemental Benefits Liability

Service cost	$ 790
Interest cost	1,182
Assumption changes	(20)
Supplemental benefits cost	1,952
Supplemental benefits liability, beginning of year	30,317
Supplemental benefits liability, end of year	$ 32,269

G. Sensitivity of the Supplemental Benefits Liability to Changes in Discount Rate

The following presents the supplemental benefits liability of the District, as well as what the District's supplemental benefits liability would be if it were calculated using a discount rate one percentage point lower and one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Discount rate	2.90%	3.90%	4.90%
Supplemental Benefits Liability	$ 32,625	$ 32,269	$ 31,900

H. Supplemental Benefits Expense and Deferred Outflows and Inflows of Resources Related to Supplemental Benefits

For the year ended June 30, 2024, the District recognized supplemental benefits expense of $1,952.

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
District's contributions subsequent to the measurement date	$ 12,800	$ -

The $12,800 of deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

Note 6 - Pension Plans

Substantially all employees of the District are required by state law to belong to defined benefit, multi-employer, cost-sharing pension plans administered by the Public Employees' Retirement Association (PERA) or the Teachers' Retirement Association (TRA), both of which are administered on a state-wide basis.

For the year ended June 30, 2024, the District reported its proportionate share of deferred outflows of resources, net pension liabilities, deferred inflows of resources, and pension expense for each of the plans as follows:

	Deferred Outflows of Resources	Net Pension Liability	Deferred Inflows of Resources	Pension Expense (Income)
PERA	$ 600,152	$ 1,705,526	$ 627,412	$ 440,002
TRA	2,492,568	9,907,469	695,764	1,539,342
Total all plans	$ 3,092,720	$ 11,612,995	$ 1,323,176	$ 1,979,344

Disclosures relating to these plans are as follows:

1. Public Employees Retirement Association (PERA)

A. Plan Description

The District participates in the General Employees Retirement Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

The General Employees Retirement Plan covers certain full time and part-time employees of the District. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent for each of the first 10 years of service and 1.7 percent for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

C. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024 and the District was required to contribute 7.50 percent for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2024, were $189,484. The District's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

At June 30, 2024, the District reported a liability of $1,705,526 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled $47,104.

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0305 percent at the end of the measurement period and 0.0330 percent for the beginning of the period.

District's proportionate share of net pension liability	$ 1,705,526
State's proportionate share of the net pension liability associated with the District	47,104
Total	$ 1,752,630

For the year ended June 30, 2024, the District recognized a decrease in pension expense of $4,580 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized $212 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the annual $16 million contribution.

At June 30, 2024, the District reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 57,113	$ 11,441
Changes in actuarial assumptions	270,050	467,470
Net collective difference between projected and actual investment earnings	4,049	-
Changes in proportion	79,456	148,501
Contributions paid to PERA subsequent to the measurement date	189,484	-
Total	$ 600,152	$ 627,412

The $189,484 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	Pension Expense Amount
2025	$ 54,935
2026	(242,906)
2027	8,226
2028	(36,999)

E. Long-Term Expected Return on Investment

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25.0%	0.75%
Private Markets	25.0%	5.90%
	100.0%	

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The table is adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023, actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2023:

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of $170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

G. Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability for the plan it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Sensitivity Analysis
Net Pension Liability (Asset) at Different Discount Rates

	General Employees Fund	
1% Lower	6.00%	$ 3,017,212
Current Discount Rate	7.00%	$ 1,705,526
1% Higher	8.00%	$ 626,614

I. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

2. Teachers Retirement Association (TRA)

A. Plan Descriptions

The Teachers Retirement Association (TRA) is an administrator of a multiple employer, cost-sharing, defined benefit retirement fund. TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with Minnesota Statutes, Chapters 354 and 356. TRA is a separate statutory entity and administered by a Board of Trustees. The Board consists of four active members, one retired member and three statutory officials.

Educators employed in Minnesota’s public elementary and secondary schools, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those employed by St. Paul schools or Minnesota State Colleges and Universities). Educators first hired by Minnesota State may elect either TRA coverage or coverage through the Defined Contribution Plan (DCR) administered by Minnesota State.

B. Benefits Provided

TRA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by Minnesota Statute and vest after three years of service credit. The defined retirement benefits are based on a member's highest average salary for any five consecutive years of allowable service, age, and a formula multiplier based on years of credit at termination of service.

Two methods are used to compute benefits for TRA's Coordinated and Basic Plan members. Members first employed before July 1, 1989, receive the greater of the Tier I or Tier II benefits as described.

Tier I Benefits

Tier 1	Step Rate Formula	Percentage
Basic	First ten years of service	2.2% per year
	All years after	2.7% per year
Coordinated	First ten years if service years are up to July 1, 2006	1.2% per year
	First ten years if service years are July 1, 2006 or after	1.4% per year
	All other years of service if service years are up to July 1, 2006	1.7% per year
	All other years of service if service years are July 1, 2006 or after	1.9% per year

With these provisions:

a.) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
b.) 3 percent per year early retirement reduction factor for all years under normal retirement age.
c.) Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

or

For years of service prior to July 1, 2006, a level formula of 1.7 percent per year for coordinated members and 2.7 percent per year for basic members is applied. For years of service July 1, 2006 and after, a level formula of 1.9 percent per year for coordinated members and 2.7 percent per year for Basic members applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under Minnesota Statute. Smaller reductions, more favorable to the member, will be applied to individuals who reach age 62 and have 30 years or more of service credit.

Tier II Benefits

Members first employed after June 30, 1989, receive only the Tier II benefit calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66.

Six different types of annuities are available to members upon retirement. The No Refund Life Plan is a lifetime annuity that ceases upon the death of the retiree – no survivor annuity is payable. A retiring member may also choose to provide survivor benefits to a designated beneficiary(ies) by selecting one of the five plans that have survivorship features. Vested members may also leave their contributions in the TRA Fund upon termination of service in order to qualify for a deferred annuity at retirement age. Any member terminating service is eligible for a refund of their employee contributions plus interest.

The benefit provisions stated apply to active plan participants. Vested, terminated employees who are entitled to benefits but not yet receiving them are bound by the plan provisions in effect at the time they last terminated their public service.

C. Contribution Rate

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ending June 30, 2022, June 30, 2023, and June 30, 2024, were:

	June 30, 2022		June 30, 2023		June 30, 2024	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic	11.00%	12.34%	11.00%	12.55%	11.25%	12.75%
Coordinated	7.50%	8.34%	7.50%	8.55%	7.75%	8.75%

The following is a reconciliation of employer contributions in TRA's fiscal year 2023 ACFR "Statement of Changes in Fiduciary Net Position" to the employer contributions used in Schedule of Employer and Non-Employer Pension Allocations.

	in thousands
Employer contributions reported in TRA's ACFR, Statement of Changes in Fiduciary Net Position	$ 508,764
Employer contributions not related to future contribution efforts	(87)
TRA's contributions not included in allocation	(643)
Total employer contributions	508,034
Total non-employer contributions	35,587
Total contributions reported in *Schedule of Employer* and Non-Employer Allocations	$ 543,621

Amounts reported in the allocation schedules may not precisely agree with financial statement amounts or actuarial valuations due to the number of decimal places used in the allocations. TRA has rounded percentage amounts to the nearest ten thousandths.

D. Actuarial Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability	
Actuarial Information	
Valuation date	July 1, 2023
Measurement date	June 30, 2023
Experience study	June 28, 2019 (demographic and economic assumptions)*
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Investment rate of return	7.00%
Price inflation	2.50%
Wage growth rate	2.85% before July 1, 2028, and 3.25% after June 30, 2028
Projected salary increase	2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% after June 30, 2028
Cost of living adjustment	1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually
Mortality assumptions	
Pre-retirement:	RP-2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP-2015 scale.
Post-retirement:	RP-2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
Post-disability:	RP-2014 disabled retiree mortality table, without adjustment.

**The assumptions prescribed are based on the experience study dated June 28, 2019. For GASB 67 purposes, the long-term rate of return assumptions is selected by TRA management in consultation with actuary.*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	33.50%	5.10%
International Equity	16.50%	5.30%
Fixed Income	25.00%	0.75%
Private Markets	25.00%	5.90%
Total	100%	

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2023 is six years. The *Difference between Expected and Actual Experience*, *Changes of Assumptions*, and *Changes in Proportion* use the amortization period of six years in the schedule presented. The amortization period for *Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments* is five years as required by GASB 68.

Changes in actuarial assumptions since the 2022 valuation

The 2023 Tax Finance and Policy Bill, effective July 1, 2025:

- The employer contribution rate will increase from 8.75% to 9.5% on July 1, 2025.
- The employee contribution rate will increase from 7.75% to 8% on July 1, 2025.
- The pension adjustment rate for school districts and the base budgets for Minnesota State, Perpich Center for Arts Education, and Minnesota Academies will increase to reflect the 0.75% employer contribution rate increase.

The 2024 Omnibus Pensions and Retirement Bill:

- The Normal Retirement Age (NRA) for active and eligible deferred Tier II members will be 65 effective July 1, 2024.
- TRA’s amortization date will remain the same at 2048.

E. Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2023 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

F. Net Pension Liability

At June 30, 2024, the District reported a liability of $9,907,469 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis and Minneapolis School District. District proportionate share was 0.1200 percent at the end of the measurement period and 0.1263 percent for the beginning of the year.

The pension liability amount reflected a reduction due to direct aid provided to TRA. The amount recognized by the District as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of net pension liability	$ 9,907,469
State's proportionate share of the net pension liability associated with the District	$ 693,973

For the year ended June 30, 2024, the District recognized pension expense of $1,398,454. It also recognized $97,717 as an increase to pension expense for the support provided by direct aid.

On June 30, 2024, the District had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 100,885	$ 145,536
Changes in actuarial assumptions	1,172,444	-
Difference between projected and actual investment earnings	66,553	-
Change in proportion and differences between contributions made and District's proportionate share of contributions	454,214	550,228
District's contributions to TRA subsequent to the measurement date	698,472	-
Total	$ 2,492,568	$ 695,764

The $698,472 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

Other amounts reported as deferred outflows and inflows of resources related to TRA pensions will be recognized in pension expense as follows:

Years Ended June 30,	Pension Expense Amount
2025	$ 239,823
2026	(74,490)
2027	1,167,060
2028	(130,364)
2029	(103,697)

G. Pension Liability Sensitivity

The following presents the net pension liability of TRA calculated using the discount rate of 7.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate this is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
TRA discount rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	$ 15,801,684	$ 9,907,469	$ 5,082,336

The District's proportion of the net pension liability was based on the employer contributions to TRA in relation to TRA's total employer contributions including direct aid contributions from the State of Minnesota, City of Minneapolis and Minneapolis School District.

H Pension Plan Fiduciary Net Position

Detailed information about TRA's fiduciary net position is available in a separately issued TRA financial report. That report can be obtained at www.MinnesotaTRA.org, by writing to TRA at 60 Empire Drive, Suite 400, and St. Paul, MN, 55103-4000; or by calling (651)-296-2409 or (800)-657-3669.

Note 7 - 403(b) Plan

The District provides eligible employees future retirement benefits through the District's 403(b) Plan (the "Plan"). Employees of the District are eligible to participate in the Plan commencing on the date of their employment. Some employees are eligible to receive a match of employee contributions up to the qualifying amounts set forth in their Wage and Benefit Guidelines. Contributions are invested in tax deferred annuities hosted by a vendor from whom the District has obtained. The District's contributions for the years ended June 30, 2024, 2023, and 2022, were $201,559, $185,966, and $182,580, respectively. The related employee contributions were $327,697, $313,226, and $297,289 for the years ended June 30, 2024, 2023, and 2022, respectively.

Note 8 - Health and Dental Self-Insurance

The District is self-insured with respect to health and dental insurance costs. Terms of the health plan include a stop-loss prevention of $75,000 per person, which limits the District's liability. There is no stop-loss prevention on the dental plan as the maximum benefit is $1,250. The following is the activity for the year ended June 30, 2024:

Claims incurred but not reported at beginning of year	$ 196,086
Claims incurred	1,435,138
Claims paid	(1,546,176)
Claims incurred but not reported at end of year	$ 85,048

Note 9 - Interfund Transfers

During the current year, the District transferred $37,153 from the Capital Projects fund to the Debt Service fund for the capitalized interest related to the issuance of the General Obligation Capital Facilities Bonds, Series 2024A.

Note 10 - Other Information

A. Contingent Liabilities

The District participates in a number of federal and state programs that are either partially or fully funded by grants or aids received from these agencies or other governmental units. Such programs are subject to audit by the grantor agencies which could result in requests for reimbursement to the granting agency for expenditures that are disallowed under the terms of the grant. Based on past experience, the District believes that any disallowed costs as a result of such audits will be immaterial.

B. Construction Commitment

The District has active construction projects as of June 30, 2024, for a variety of improvements to athletic facilities. As of June 30, 2024, the projects have $218,984 of completed construction costs, which are reported as construction in progress. The projects are expected to be completed during the year ended June 30, 2025, with estimated costs of completion of approximately $556,000.

C. Affiliated Organizations

The District and nine other school districts, in conjunction with the Southwest Metro Educational Co-op (SWMEC), entered into an agreement for the purpose of providing educational programming as well as special education, vocational education, and any other educational programs requested by one or more participating school districts. The SWMEC's board is defined in the agreement. A member may withdraw upon written notice given to the Board and to each participating school district in accordance with the agreement. In the event of dissolution, all real property remaining after payment of all debts will be divided among the 10 districts. Separate financial statements of the affiliated organization may be obtained from SWMEC.

The District had purchases from SWMEC of $485,097 for the year ended June 30, 2024, and an outstanding balance due to SWMEC of $160,415 at June 30, 2024.

Required Supplementary Information
June 30, 2024

Independent School District No. 716

Belle Plaine, Minnesota

Schedule of Changes in the District's Total OPEB Liability and Related Ratios, Last 10 Fiscal years *

	2024	2023	2022	2021	2020	2019	2018
Service cost	$ 49,581	$ 48,868	$ 61,283	$ 56,914	$ 53,592	$ 48,606	$ 45,239
Interest cost	23,779	16,242	18,669	28,736	32,576	32,227	33,180
Assumption changes	(3,643)	(59,735)	11,154	(10,896)	20,891	339	-
Differences between expected and actual experience	-	(82,532)	-	(133,302)	-	14,751	-
Benefit payments	(62,259)	(80,314)	(85,927)	(103,606)	(124,395)	(111,776)	(107,882)
Net change in total OPEB liability	7,458	(157,471)	5,179	(162,154)	(17,336)	(15,853)	(29,463)
Total OPEB liability - beginning	607,025	764,496	759,317	921,471	938,807	954,660	984,123
Total OPEB liability - ending	$ 614,483	$ 607,025	$ 764,496	$ 759,317	$ 921,471	$ 938,807	$ 954,660
Covered payroll	$ 9,673,982	$ 9,392,216	$ 9,044,491	$ 8,781,059	$ 8,758,528	$ 8,503,425	$ 8,567,462
Total OPEB liability as a percentage of covered payroll	6.35%	6.46%	8.45%	8.65%	10.52%	11.04%	11.14%

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Notes to the Schedule of Changes in the District's Total OPEB Liability and Related Ratios
No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefit Changes

- None

Assumption Changes

- The discount rate was changed from 3.80% to 3.90%.

Schedule of Changes in Supplemental Benefits Liability
Last 10 Fiscal Years *

	2024	2023	2022	2021	2020	2019	2018	2017
Supplemental benefits liability, beginning of year	$ 30,317	$ 46,393	$ 58,057	$ 95,549	$ 145,420	$ 191,635	$ 250,062	$ 291,245
Service cost	790	783	1,020	937	1,653	1,481	2,214	2,375
Interest cost	1,182	844	1,251	2,345	4,176	5,622	6,366	7,776
Assumption changes	(20)	(828)	65	355	300	(285)	(1,007)	-
Plan changes	-	(189)	-	(71)	-	-	-	-
Differences between expected and actual experience	-	(2,686)	-	942	-	2,967	-	-
Benefit payments	-	(14,000)	(14,000)	(42,000)	(56,000)	(56,000)	(66,000)	(51,334)
Supplemental benefits liability, end of year	$ 32,269	$ 30,317	$ 46,393	$ 58,057	$ 95,549	$ 145,420	$ 191,635	$ 250,062

* GASB Statement No. 73 requires ten years of information to be presented in this table. However, until a full 10- year trend is compiled, the District will present information for those years for which information is available.

Schedule of Supplemental Benefits Liability
Last 10 Fiscal Years *

	2024	2023	2022	2021	2020	2019	2018	2017
Supplemental benefits liability	$ 32,269	$ 30,317	$ 46,393	$ 58,057	$ 95,549	$ 145,420	$ 191,635	$ 250,062
Covered payroll	$ 71,258	$ 69,183	$ 68,057	$ 66,075	$ 126,564	$ 122,878	$ 263,089	$ 255,426
Supplemental benefits liability as a percentage of covered payroll	45.28%	43.82%	68.17%	87.87%	75.49%	118.35%	72.84%	97.90%

* GASB Statement No. 73 requires ten years of information to be presented in this table. However, until a full 10- year trend is compiled, the District will present information for those years for which information is available.

Notes to the Schedule of Changes in Supplemental Benefits Liability and Supplemental Benefits Liability

There are no assets accumulated in an irrevocable trust to pay plan benefits.

Benefit Changes:

- For the year ending June 30, 2019: none
- For the year ending June 30, 2020: none
- For the year ending June 30, 2021: The District matching contribution to the 403(b) plan was increased from $1,300 per year to $1,350 per year.
- For the year ending June 30, 2022: none
- For the year ending June 30, 2023: The district matching contributions to the 403(b) plan for Teachers increased from $1,350 per year to $1,450 per year effective July 1, 2021, and $1,500 per year effective July 1, 2022.
- For the year ending June 30, 2024: none

Assumption Changes:

- For the year ending June 30, 2019: The mortality tables were updated along with the discount rate changing from 3.40% to 3.50%.
- For the year ending June 30, 2020: The discount rate was changed from 3.50% to 3.10%.
- For the year ending June 30, 2021: The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale. The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contract group. The discount rate was changed from 3.10% to 2.40%.
- For the year ending June 30, 2022: The discount rate was changed from 2.40% to 2.10%.
- For the year ending June 30, 2023: The discount rate was changed from 2.10% to 3.80%. The mortality tables and withdrawal rates were updated.
- For the year ending June 30, 20214: The discount rate was changed from 3.80% to 3.90%.

Schedule of Employer’s Share of Net Pension Liability
Last 10 Fiscal Years

Pension Plan	Measurement Date	Employer's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated With District (b)	Total (c) (a+b)	Employer's Covered Payroll (e)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/e)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
PERA	06/30/23	0.0305%	$ 1,705,526	$ 47,104	$ 1,752,630	$ 2,419,193	70.5%	83.1%
	06/30/22	0.0330%	2,613,611	76,697	2,690,308	2,480,480	105.4%	70.5%
	06/30/21	0.0297%	1,268,323	38,723	1,307,046	2,008,120	63.2%	87.0%
	06/30/20	0.0291%	1,744,678	53,804	1,798,482	1,949,347	89.5%	79.1%
	06/30/19	0.0280%	1,548,057	48,165	1,596,222	1,973,920	78.4%	80.2%
	06/30/18	0.0275%	1,525,587	50,038	1,575,625	1,838,960	83.0%	79.5%
	06/30/17	0.0293%	1,870,493	23,529	1,894,022	1,868,787	100.1%	75.9%
	06/30/16	0.0305%	2,476,449	32,345	2,508,794	1,917,747	129.1%	68.9%
	06/30/15	0.0318%	1,648,041	N/A	1,648,041	1,851,013	89.0%	78.2%
	06/30/14	0.0330%	1,550,175	N/A	1,550,175	1,760,993	88.0%	78.8%
TRA	06/30/23	0.1200%	$ 9,907,469	$ 693,973	$ 10,601,442	$ 7,602,419	130.3%	76.4%
	06/30/22	0.1263%	10,113,436	750,187	10,863,623	7,830,887	129.1%	76.2%
	06/30/21	0.1219%	5,334,708	449,988	5,784,696	7,295,228	73.1%	86.6%
	06/30/20	0.1221%	9,020,912	755,794	9,776,706	7,094,785	127.1%	75.5%
	06/30/19	0.1254%	7,993,022	707,371	8,700,393	7,180,467	111.3%	78.1%
	06/30/18	0.1159%	7,278,701	683,998	7,962,699	8,477,440	85.9%	78.1%
	06/30/17	0.1387%	27,687,036	2,676,282	30,363,318	7,469,520	370.7%	44.9%
	06/30/16	0.1425%	33,989,650	3,411,603	37,401,253	7,420,920	458.0%	144.9%
	06/30/15	0.1390%	8,598,525	1,054,355	9,652,880	7,059,867	121.8%	76.8%
	06/30/14	0.1462%	6,736,791	473,970	7,210,761	6,731,272	100.1%	81.5%

Schedule of Employer's Contributions
Last 10 Fiscal Years

Pension Plan	Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
PERA	06/30/24	$ 189,484	$ 189,484	$ -	$ 2,526,453	7.5%
	06/30/23	181,439	181,439	-	2,419,193	7.5%
	06/30/22	186,036	186,036	-	2,480,480	7.5%
	06/30/21	150,609	150,609	-	2,008,120	7.5%
	06/30/20	146,201	146,201	-	1,949,347	7.5%
	06/30/19	148,044	148,044	-	1,973,920	7.5%
	06/30/18	137,922	137,922	-	1,838,960	7.5%
	06/30/17	140,159	140,159	-	1,868,787	7.5%
	06/30/16	143,831	143,831	-	1,917,747	7.5%
	06/30/15	138,826	138,826	-	1,851,013	7.5%
TRA	06/30/24	$ 698,472	$ 698,472	$ -	$ 7,982,537	8.8%
	06/30/23	653,808	653,808	-	7,602,419	8.6%
	06/30/22	653,096	653,096	-	7,830,887	8.3%
	06/30/21	593,102	593,102	-	7,295,228	8.1%
	06/30/20	561,907	561,907	-	7,094,785	7.9%
	06/30/19	553,614	553,614	-	7,180,467	7.7%
	06/30/18	635,808	635,808	-	8,477,440	7.5%
	06/30/17	560,214	560,214	-	7,469,520	7.5%
	06/30/16	556,569	556,569	-	7,420,920	7.5%
	06/30/15	529,490	529,490	-	7,059,867	7.5%

Notes to the Schedule of Employer’s Share of Net Pension Liability and Schedule of Employer’s Contributions

PERA

2023 Changes
Changes in Actuarial Assumptions:
- The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

Changes in Plan Provisions:
- An additional one-time direct state aid contribution of $170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 Changes
Changes in Actuarial Assumptions
- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Changes in Plan Provisions
- There were no changes in plan provisions since the previous valuation.

PERA
2021 Changes
Changes in Actuarial Assumptions
- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions
- There were no changes in plan provisions since the previous valuation.

2020 Changes
Changes in Actuarial Assumptions
- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
  Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.

- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from $31.0 million to $21.0 million per year. The State's special funding contribution was changed prospectively, requiring $16.0 million due per year through 2031.

2018 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.

- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes
Changes in Actuarial Assumptions
- The combined service annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and non-vested deferred members. The revised CSA load are now 0.00 percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.
- The assumed postretirement benefit increase rate was changed for 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.

Changes in Plan Provisions
- The State's contribution for the Minneapolis Employees Retirement Fund equals $16,000,000 in 2017 and 2018, and $6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from $21,000,000 to $31,000,000 in calendar years 2019 to 2031. The state's contribution changed from $16,000,000 to $6,000,000 in calendar years 2019 to 2031.

2016 Changes
Changes in Actuarial Assumptions
- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

Changes in Plan Provisions
- There have been no changes since the prior valuation.

2015 Changes
Changes in Actuarial Assumptions
- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2035 and 2.50 percent per year thereafter.

Changes in Plan Provisions
- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by $1.1 billion and increase the fiduciary plan net position by $892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of $6.0 million, which meets the special funding situation definition, was due September 2015.

TRA

2023 Changes

Changes in Actuarial Assumptions

- The investment return assumption was changed from 7.50% to 7.00%. This does not affect the GASB valuation which was already using the 7.00% assumption.

Changes in Plan Provisions

- Effective July 1, 2025, the normal retirement age for Tier 2 members will decrease from 66 to 65.
- The employer contribution rate will increase from 8.75% to 9.50% on July 1, 2025.
- The employee contribution rate will increase from 7.75% to 8.00% on July 1, 2025.

2022 Changes

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2021 Changes

Changes in Actuarial Assumptions

- The investment return assumption was changed from 7.50 percent to 7.00 percent

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 6 years, (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
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Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions

- The discount rate was decreased to 4.66% from 8.0%.
- The cost of living adjustment (COLA) was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% on January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending July 1, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers was reduced from 8.5% to 7.5%, effective July 1, 2018.

- The employer contribution rate is increased each July 1 over the next six years (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2017 Changes

Changes in Actuarial Assumptions

- The discount rate was decreased to 5.12% from 4.66%.
- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- The COLA was not assumed to increase to 2.5% but remain at 2.0% for all future years.
- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the non-vested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 2.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for ten years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions

- The discount rate was decreased to 4.66% from 8.0%.
- The COLA was not assumed to increase for funding or the GASB calculation. It remained at 2% for all future years.
- The price inflation assumption was lowered from 3% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes as some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP 2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP 2015 scale.
- The post-retirement mortality assumption was changed to the RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP 2015 scale.
- The post-disability mortality assumption was changed to the RP 2014 disabled retiree mortality table, without adjustment.

- Augmentation in the early retirement reduction factors is phased out o Separate retirement assumptions for members hired before or after July 1, 1989, were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional form of annuity payment at retirement were made.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes of benefit terms

- The DTRFA was merged into TRA on June 30, 2015.

Changes in Actuarial Assumptions

- The annual COLA for the June 30, 2015, valuation assumed 2%. The prior year valuation used 2% with an increase to 2.5% commencing in 2034. The discount rate used to measure the total pension liability was 8.0%. This is a decrease from the discount rate at the prior measurement date of 8.25%. Details, if necessary, can be obtained from the TRA Comprehensive Annual Financial Report.

PERA's Comprehensive Annual Financial Report may be obtained on the PERA's website at www.mnpera.org for notes to the Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions.

Additional financial and actuarial information can be found in TRA's GASB 67-68 report. Both reports can be obtained at https://minnesotatra.org.

Supplementary Information
June 30, 2024

Independent School District No. 716

Belle Plaine, Minnesota

	Fund Balance Beginning of Year	Net Change in Fund Balance	Fund Balance End of Year
Nonspendable	$ 47,019	$ 34,747	$ 81,766
Restricted for student activities	207,662	(14,909)	192,753
Restricted for staff development	100,534	(13,857)	86,677
Restricted for American Indian education	-	16,283	16,283
Restricted for operating capital	371,842	678,263	1,050,105
Restricted for long-term facilities maintenance	586,439	180,829	767,268
Restricted for student support personnel	-	40,000	40,000
Restricted for medical assistance	276,336	19,515	295,851
Committed for severance	81,607	-	81,607
Assigned for technology	1,742,025	860,071	2,602,096
Unassigned	2,186,466	434,795	2,621,261
	$ 5,599,930	$ 2,235,737	$ 7,835,667

	Special Revenue Funds		
	Food Service	Community Service	Total Nonmajor Funds
Assets			
Cash and cash equivalents	$ 840,163	$ 585,074	$ 1,425,237
Receivables			
Current property taxes	-	55,730	55,730
Delinquent property taxes	-	386	386
Due from Minnesota Department of Education	-	13,338	13,338
Total assets	$ 840,163	$ 654,528	$ 1,494,691
Liabilities			
Salaries payable	$ -	$ 79,114	$ 79,114
Accounts payable	44,684	14,388	59,072
Unearned revenue	19,279	-	19,279
Total liabilities	63,963	93,502	157,465
Deferred Inflows of Resources			
Unavailable revenue - delinquent taxes	-	350	350
Property taxes levied for subsequent year	-	119,465	119,465
Total deferred inflows of resources	-	119,815	119,815
Fund Balances			
Restricted	776,200	441,211	1,217,411
Total liabilities, deferred inflows of resources, and fund balances	$ 840,163	$ 654,528	$ 1,494,691

	Special Revenue Funds		Total
	Food Service	Community Service	Nonmajor Funds
Revenues			
Local property tax levies	$ -	$ 130,450	$ 130,450
Other local and county sources	28,569	942,862	971,431
State sources	541,184	171,872	713,056
Federal sources	417,626	-	417,626
Local sales and insurance recovery	88,440	-	88,440
Total revenues	1,075,819	1,245,184	2,321,003
Expenditures			
Community education and services	-	1,257,546	1,257,546
Pupil support services	970,034	-	970,034
Total expenditures	970,034	1,257,546	2,227,580
Net Change in Fund Balances	105,785	(12,362)	93,423
Fund Balances - Beginning	670,415	453,573	1,123,988
Fund Balances - Ending	$ 776,200	$ 441,211	$ 1,217,411

01 GENERAL FUND

	Audit	UFARS	Audit - UFARS
Total Revenue	$21,025,363	$21,025,362	$1
Total Expenditures	$18,809,823	$18,809,821	$2
Non Spendable:			
4.60 Non Spendable Fund Balance	$81,766	$81,766	$0
Restricted / Reserved:			
4.01 Student Activities	$192,753	$192,753	$0
4.02 Scholarships	$0	$0	$0
4.03 Staff Development	$86,677	$86,677	$0
4.07 Capital Projects Levy	$0	$0	$0
4.08 Cooperative Revenue	$0	$0	$0
4.12 Literacy Incentive Aid	$0	$0	$0
4.14 Operating Debt	$0	$0	$0
4.16 Levy Reduction	$0	$0	$0
4.17 Taconite Building Maint	$0	$0	$0
4.20 American Indian Education Aid	$16,283	$16,283	$0
4.24 Operating Capital	$1,050,105	$1,050,105	$0
4.26 $25 Taconite	$0	$0	$0
4.27 Disabled Accessibility	$0	$0	$0
4.28 Learning & Development	$0	$0	$0
4.34 Area Learning Center	$0	$0	$0
4.35 Contracted Alt. Programs	$0	$0	$0
4.36 State Approved Alt. Program	$0	$0	$0
4.38 Gifted & Talented	$0	$0	$0
4.39 English Learner	$0	$0	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.41 Basic Skills Programs	$0	$0	$0
4.43 School Library Aid	$0	$0	$0
4.48 Achievement and Integration	$0	$0	$0
4.49 Safe Schools Levy	$0	$0	$0
4.51 QZAB Payments	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
4.53 Unfunded Sev & Retiremt Levy	$0	$0	$0
4.59 Basic Skills Extended Time	$0	$0	$0
4.67 LTFM	$767,268	$767,268	$0
4.71 Student Support Personnel Aid	$40,000	$40,000	$0
4.72 Medical Assistance	$295,851	$295,851	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
4.75 Title VII Impact Aid	$0	$0	$0
4.76 Payments in Lieu of Taxes	$0	$0	$0
Committed:			
4.18 Committed for Separation	$81,607	$81,607	$0
4.61 Committed Fund Balance	$0	$0	$0
Assigned:			
4.62 Assigned Fund Balance	$2,602,096	$2,602,096	$0
Unassigned:			
4.22 Unassigned Fund Balance	$2,621,261	$2,621,261	$0

02 FOOD SERVICES

	Audit	UFARS	Audit - UFARS
Total Revenue	$1,075,819	$1,075,820	($1)
Total Expenditures	$970,034	$970,035	($1)
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.52 OPEB Liab Not In Trust	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$776,200	$776,200	$0
Unassigned:			
4.63 Unassigned Fund Balancee	$0	$0	$0

04 COMMUNITY SERVICE

	Audit	UFARS	Audit - UFARS
Total Revenue	$1,245,184	$1,245,184	$0
Total Expenditures	$1,257,546	$1,257,544	$2
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.26 $25 Taconite	$0	$0	$0
4.31 Community Education	$349,365	$349,365	$0
4.32 E.C.F.E	$91,846	$91,848	($2)
4.40 Teacher Development and Evaluation	$0	$0	$0
4.44 School Readiness	$0	$0	$0
4.47 Adult Basic Education	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

06 BUILDING CONSTRUCTION

	Audit	UFARS	Audit - UFARS
Total Revenue	$17,261	$17,261	$0
Total Expenditures	$975,585	$975,585	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.07 Capital Projects Levy	$0	$0	$0
4.13 Funded by COP/FP	$0	$0	$0
4.67 LTFM	$152,582	$152,582	$0
Restricted:			
4.64 Restricted Fund Balance	$964,160	$964,161	($1)
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

07 DEBT SERVICE

	Audit	UFARS	Audit - UFARS
Total Revenue	$3,513,437	$3,513,437	$0
Total Expenditures	$3,426,736	$3,426,735	$1
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.25 Bond Refundings	$0	$0	$0
4.33 Maximum Effort Loan Aid	$0	$0	$0
4.51 QZAB Payments	$0	$0	$0
4.67 LTFM	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$838,353	$838,353	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

08 TRUST

	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Restricted / Reserved:			
4.01 Student Activities	$0	$0	$0
4.02 Scholarships	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0

18 CUSTODIAL

	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Restricted / Reserved:			
4.01 Student Activities	$0	$0	$0
4.02 Scholarships	$0	$0	$0
4.48 Achievement and Integration	$0	$0	$0
4.64 Restricted Fund Balance	$0	$0	$0

20 INTERNAL SERVICE

	Audit	UFARS	Audit - UFARS
Total Revenue	$2,326,652	$2,326,652	$0
Total Expenditures	$2,017,731	$2,017,731	$0
4.22 Unassigned Fund Balance (Net Assets)	$940,943	$940,944	($1)

25 OPEB REVOCABLE TRUST

	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0

45 OPEB IRREVOCABLE TRUST

	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0

47 OPEB DEBT SERVICE

	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted:			
4.25 Bond Refundings	$0	$0	$0
4.64 Restricted Fund Balance	$0	$0	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Agency or Pass-Through Number	Expenditures		
Department of Agriculture					
Passed through the Minnesota Department of Education					
Child Nutrition Cluster					
Noncash Assistance (Commodities):					
National School Lunch Program	10.555	01-0716-000 FIN 701	$ 86,806		
Cash Assistance:					
School Breakfast Program	10.553	01-0716-000 FIN 705	60,221		
National School Lunch Program	10.555	01-0716-000 FIN 701	263,862		
Total Child Nutrition Cluster				$ 410,889	
COVID-19 Pandemic EBT Administrative Costs	10.649	01-0716-000 FIN 706		3,256	
Total Department of Agriculture					$ 414,145
Department of Education					
Passed through the Minnesota Department of Education					
Title I Grants to Local Educational Agencies	84.010	01-0716-000 FIN 401		112,975	
Special Education Grants for Infants and Families	84.181	01-0716-000 FIN 422		14,930	
COVID-19 Education Stabilization Fund	84.425U	01-0716-000 FIN 160/161		414,813	
Special Education Cluster					
Special Education Grants to States	84.027	01-0716-000 FIN 419	322,611		
Special Education Preschool Grants	84.173	01-0716-000 FIN 420	6,451		
Total for Special Education Cluster				329,062	
Passed Through Southwest Metro Intermediate District 288					
Career and Technical Education Basic Grants to States	84.048	01-0716-000 FIN 628		15,365	
Passed Through Jordan School District 717					
Title III English Language Acquisition	84.365A	01-0716-000 FIN 617		4,238	
Total Department of Education					891,383
Department of Health and Human Services					
Passed through the Minnesota Department of Education					
Children's Health Insurance Program (CHIP)	93.767	01-0716-000 FIN 170		64	
Total Department of Health and Human Services					64
Total Federal Financial Assistance					$ 1,305,592

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2024. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

Note 2 - Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Note 3 - Indirect Cost Rate

The District has not elected to use the 10% de minimis cost rate.

Note 4 - Food Distribution

Nonmonetary assistance is reported in the schedule of the fair market value of the commodities received and disbursed. At June 30, 2024 the District had no food commodities in inventory.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Members of the School Board
Independent School District No. 716
Belle Plaine, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 716 ("the District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 20, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001 and 2024-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

District’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District’s responses to findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District’s responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Mankato, Minnesota
November 20, 2024

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Members of the School Board
Independent School District No. 716
Belle Plaine, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Independent School District No. 716's ("the District") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Mankato, Minnesota
November 20, 2024

Independent Auditor's Report on Minnesota Legal Compliance

Members of the School Board
Independent School District No. 716
Belle Plaine, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 716 ("the District") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 20, 2024.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards for Minnesota school districts (UFARS) sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minn. Stat. §6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Mankato, Minnesota
November 20, 2024

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Section I – Summary of Auditor's Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

Name of Federal Program	CFDA Number
Child Nutrition Cluster	10.553/10.555
COVID-19 Education Stabilization Fund	84.425U

Dollar threshold used to distinguish between type A band type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

2024-001 Segregation of Duties
Material Weakness

Criteria: A good system of internal control contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to completion.
Condition: The District has a lack of segregation of duties in certain areas due to limited staff. The District has limited segregation of duties in many accounting and financial reporting internal control areas. The areas involved are receipts and receivables, disbursements and payables, payroll, deposits, and reconciliations of these areas.
Cause: The District does not have the economic resources to hire additional qualified accounting staff in order to segregate duties.
Effect: Inadequate segregation of duties could adversely affect the District's ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions. School Board oversight will mitigate some of the effect.
Recommendation: While we recognize that your staff may not be large enough to permit complete segregation of duties in all respects for an effective system of internal control, the functions should be reviewed to determine if additional segregation is feasible and to improve efficiency and effectiveness of financial management of the District.
Views of Responsible Officials: Management agrees with this finding.

2024-002 Preparation of Financial Statements Including Schedule of Expenditures of Federal Awards
Material Weakness

Criteria: A good system of internal control contemplates an adequate system for internally preparing the District's financial statements and related notes including the schedule of expenditures of federal awards (SEFA).
Condition: The District does not have an internal control system designed to provide for the preparation of the financial statements and SEFA being audited. As auditors, we are requested to draft the financial statements including the accompanying notes to the financial statements, required supplementary budgetary comparison information, and SEFA.
Cause: The District does not have the economic resources to hire additional qualified accounting staff or hire professional accounting services in order to draft financial statements and SEFA.
Effect: This control deficiency could result in a misstatement to the financial statements that would not be prevented or detected.
Recommendation: This control deficiency is not unusual in a District of your size. It is the responsibility of the management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.
Views of Responsible Officials: There are no disagreements with this finding.

Section III – Federal Award Findings and Questioned Costs

None reported

Section IV – Minnesota Legal Compliance Findings

None reported