

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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INTRODUCTORY SECTION

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
SCHEDULE OF SCHOOL BOARD MEMBERS AND OFFICIALS
JUNE 30, 2023**

<u>SCHOOL BOARD MEMBERS</u>		<u>TERM EXPIRES</u>
Dale Negen	Chairperson	2026
Ryan Lippert	Vice-Chairperson	2026
Brad Negen	Treasurer	2024
Maria Kramer	Clerk	2024
Phyllis Bruns	Director	2024
Josie Cruz	Director	2024
Andrea Bakker	Director	2026
 <u>SCHOOL OFFICIAL</u>		
Doug Froke	Superintendent of Schools	

INDEPENDENT AUDITOR'S REPORT

Members of the School Board
Independent School District No. 2890
Renville County West
Renville, Minnesota

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Independent School District No. 2890, Renville County West, Renville, Minnesota as of and for the year ended June 30, 2023, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Independent School District No. 2890, Renville County West, Renville, Minnesota as of June 30, 2023, and the respective changes in financial position 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Independent School District No. 2890, Renville County West, Renville, Minnesota 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.

Change in Accounting Principle

As described in Note 10 to the financial statements, in 2023, Independent School District No. 2890, Renville County West, Renville, Minnesota adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

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 Independent School District No. 2890, Renville County West, Renville, Minnesota'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 Responsibility 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 generally accepted auditing standards 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 generally accepted auditing standards 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 bases, 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 Independent School District No. 2890, Renville County West, Renville, Minnesota'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 Independent School District No. 2890, Renville County West, Renville, Minnesota'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 and the required supplementary information as listed in the table of contents 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 auditing standards generally accepted in the United States of America, 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 Independent School District No. 2890, Renville County West, Renville, Minnesota's basic financial statements. The accompanying uniform financial accounting and reporting standards compliance table and schedule of expenditures of federal awards, as required by 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 auditing standards generally accepted in the United States of America. In our opinion, 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 audit report. The other information comprises the introductory section and other supplementary information sections 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 basic 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.

Report on Summarized Comparative Information

We have previously audited Independent School District No. 2890, Renville County West, Renville, Minnesota's June 30, 2022 financial statements, and our report, dated November 9, 2022, expressed unmodified opinions on the respective financial statements of the governmental activities and each major fund. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2023, on our consideration of Independent School District No. 2890, Renville County West, Renville, Minnesota'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 Independent School District No. 2890, Renville County West, Renville, Minnesota'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 Independent School District No. 2890, Renville County West, Renville, Minnesota's internal control over financial reporting and compliance.

Hoffman & Brobst, PLLP

Hoffman & Brobst, PLLP
Certified Public Accountants
Marshall, Minnesota

November 8, 2023

REQUIRED SUPPLEMENTAL INFORMATION

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

As management of Independent School District No. 2890, Renville County West, Renville, Minnesota, we offer readers of Independent School District No. 2890, Renville County West, Renville, Minnesota's financial statements this narrative overview and analysis of the financial activities of Independent School District No. 2890, Renville County West, Renville, Minnesota for the fiscal year ended June 30, 2023.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2022-2023 fiscal year include the following:

- Net position in the Statement of Net Position increased \$2,510,754 from the prior year to \$4,709,260. This increase was the result of a variety of factors including overall positive operations, capital purchases, and amortization of prior year deferred inflow amounts for both the Teacher Retirement Association and Public Employees Retirement Association as it relates to pensions.
- The General Fund fund balance increased \$235,577 to \$4,311,925. The unassigned fund balance increased \$366,294 to \$2,641,878. The combined total of the assigned and unassigned fund balance in the General Fund amounts to 44.6% of annual budgeted expenditures which meets the District's fund balance goal of a minimum of 10% of operating budget.
- The District once again received a significant amount in federal funding during the year as a result of the grants made available through COVID-19 resources. There was a large increase in revenue through the Elementary and Secondary School Emergency Relief (ESSER) Fund. This increase was partially offset by a decrease in revenue through the federal food service program as free meals for all students, regardless of family income, expired at the end of fiscal year 2022.
- The District issued \$725,000 of General Obligation Facilities Maintenance Bonds, Series 2022A on September 1, 2022. The proceeds of these bonds will be used to fund indoor air quality projects, for asbestos abatement in the Sacred Heart building, and any remaining funds will be used for other projects included in the District's approved ten-year facility plan.
- The District entered into right of use lease agreements for office equipment. The cost associated with office equipment right of use leases was \$51,283.
- The District entered into Subscription-Based Information Technology Arrangements (SBITAs), for electronic curriculum. The cost associated with the electronic curriculum was \$28,208.
- The District implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs), in the current year which requires the establishment of a subscription asset and related subscription liability (when applicable) for all subscription arrangements with a term longer than 12 months. The District is required to evaluate each arrangement at inception to determine if it qualifies as a SBITA. The Statement requires recognition of certain subscription assets and liabilities for arrangements that previously were classified as expenditures at the time of payment, and also requires a disclosure of descriptive information about the government's SBITAs other than short-term SBITAs. Beginning governmental activities net position has been restated from \$2,198,506 to \$2,227,572 (an increase of \$29,066) as a result of implementing this Statement.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts. They are:

- Independent Auditor's Report,
- Required Supplementary Information which includes the Management's Discussion and Analysis (this section),
- Basic financial statements, notes to the basic financial statements, and
- Other supplementary information and other required reports and information.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont'd)

The basic financial statements include two kinds of statements that present different views of the District:

- The government-wide financial statements, including the Statement of Net Position and the Statement of Activities, 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 government-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.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial 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 outflows of resources, liabilities, and deferred inflows 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 government-wide financial statements report the District's net position and how it has changed. Net position – the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources – 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.
- To assess the overall health of the District, one needs to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements the District's activities are shown in one category:

- **Governmental Activities** – Most of the District's basic services are included here, such as regular and special education, transportation, administration, food service, 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 – rather than 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:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

The District has one kind of fund:

- **Governmental funds** – The District's basic services are included in governmental funds, which generally focuses 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 to determine whether there are more or less 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 government-wide statements, additional information (reconciliation schedules) follows the governmental funds statements that explain the relationship (or differences) between these two types of financial statement presentations.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

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

NET POSITION

The District's combined net position was \$4,709,260 on June 30, 2023. This was an increase of 114.2% from the previous year total of \$2,198,506. A summary of the District's net position is as follows:

Net Position – Governmental Activities			Percentage Change
	<u>6/30/2023</u>	<u>6/30/2022</u>	
Current and Other Assets	\$ 7,786,902	\$ 6,979,716	
Capital, Right of Use, and Subscription Assets	<u>15,081,491</u>	<u>14,325,831</u>	
Total Assets	<u>22,868,393</u>	<u>21,305,547</u>	7.3%
Related to OPEB	222,561	245,822	
Related to Pensions	<u>1,589,271</u>	<u>1,873,670</u>	
Total Deferred Outflows of Resources	<u>1,811,832</u>	<u>2,119,492</u>	(14.5%)
Current Liabilities	1,293,872	1,142,325	
Noncurrent Liabilities	<u>14,724,691</u>	<u>12,508,290</u>	
Total Liabilities	<u>16,018,563</u>	<u>13,650,615</u>	17.3%
Property Taxes Levied for Subsequent Year's Expenditures	2,360,078	2,095,345	
Related to OPEB	298,748	315,764	
Related to Pensions	<u>1,293,576</u>	<u>5,164,809</u>	
Total Deferred Inflows of Resources	<u>3,952,402</u>	<u>7,575,918</u>	(47.8%)
Invested in Capital, Right Of Use, And Subscription Assets	6,534,955	5,768,026	
Restricted	632,857	748,198	
Unrestricted	<u>(2,458,552)</u>	<u>(4,317,718)</u>	
Total Net Position	<u>\$ 4,709,260</u>	<u>\$ 2,198,506</u>	114.2%

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (GOVERNMENT-WIDE FINANCIAL STATEMENTS) (Cont'd)

CHANGE IN NET POSITION

The change in net position occurs as a result of revenue being greater than expenses for the year ended June 30, 2023. This increase was a result of a variety of factors including increased investment earnings, overall positive operations, capital purchases and amortization of prior year deferred inflow amounts for both the Teacher Retirement Association and Public Employees Retirement Association as it relates to pensions. A summary of the District's revenues and expenses is as follows:

Change in Net Position – Governmental Activities			Percentage Change
	<u>6/30/2023</u>	<u>6/30/2022</u>	
Revenues			
Program Revenues			
Charges for Services	\$ 300,368	\$ 172,685	
Operating Grants and Contributions	2,698,747	2,709,470	
Capital Grants and Contributions	14,034	87,673	
General Revenues			
Property Taxes	2,054,851	2,059,643	
Unallocated Federal and State Aid	5,067,385	4,959,860	
Other	<u>213,275</u>	<u>30,286</u>	
Total Revenues	<u>10,348,660</u>	<u>10,019,617</u>	3.3%
Expenses			
District and School Administration	492,298	494,231	
District Support Services	262,119	252,284	
Regular Instruction	3,074,112	3,558,378	
Vocational Instruction	146,365	98,831	
Exceptional Instruction	1,039,333	1,115,798	
Community Education and Services	183,487	228,172	
Instructional Support Services	99,711	113,886	
Pupil Support Services	985,164	1,008,885	
Site, Buildings and Equipment	830,355	832,719	
Fiscal and Other Fixed Cost Programs	99,300	74,625	
Interest on Long-Term Debt	263,467	318,701	
Depreciation and Amortization – Unallocated	<u>391,261</u>	<u>385,510</u>	
Total Expenses	<u>7,866,972</u>	<u>8,482,020</u>	(7.3%)
Increase (Decrease) in Net Position	<u>2,481,688</u>	<u>1,537,597</u>	
Beginning of Year Net Position,			
As Originally Stated	2,198,506	664,410	
Prior Period Adjustment (GASB 96)	29,066	-	
Prior Period Adjustment (GASB 87)	-	(3,501)	
Beginning Net Position, as Restated	<u>2,227,572</u>	<u>660,909</u>	
End of Year Net Position	<u>\$ 4,709,260</u>	<u>\$ 2,198,506</u>	114.2%

The District's total revenues consisted of program revenues of \$3,013,149, property taxes of \$2,054,851, unallocated federal and state aids of \$5,067,385 and a smaller amount from interest and miscellaneous other sources. Expenses totaling \$7,866,972 consisted primarily of student instructional costs of \$4,259,810, student support services of \$1,084,875, site, buildings and equipment costs of \$830,355, administration costs of \$754,417, community education services of \$183,487 and minor other amounts.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (GOVERNMENT-WIDE FINANCIAL STATEMENTS) (Cont'd)

CHANGE IN NET POSITION (Cont'd)

The cost of all governmental activities this year was \$7,866,972.

- The users of the District's programs paid for 3.8%, or \$300,368, of the costs.
- The federal and state governments subsidized certain programs with grants and contributions. This totaled \$2,712,781 or 34.5% of the total costs.
- Most of the District's net cost of services (\$4,853,823), however, were paid for by state taxpayers based on the statewide education aid formula and by District taxpayers.

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

FUND BALANCE

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$5,019,002. This was up from \$4,534,098 at the end of the prior year, an increase of \$484,904. The General Fund increase of \$235,577 occurred primarily due to an increase in earnings from investments, general education aid for basic skills, and less than expected spent on the Sacred Heart building demolition during the year. The Food Service Fund had an increase of \$1,690. This minimal increase is more than the budgeted deficit due to more sales of lunches and federal aid than expected with the expiration of universal free meals at the end of fiscal year 2022. The Community Service Fund decreased \$44,884, which is close to the budgeted deficit. This decrease is mainly due to the District paying a significant amount of salaries and benefits for preschool teachers out of this fund partially offset by more donations than expected. The Building Construction Fund increased \$302,669, which is due to bond proceeds and interest partially being offset by costs for asbestos abatement for the Sacred Heart building and indoor air quality projects. These projects were not finished at year end. The Debt Service Fund decreased \$10,148 due to normal debt payments exceeding revenues.

REVENUES AND EXPENDITURES

Revenues and other financing sources of the District's governmental funds totaled \$11,161,690. This was a decrease of 16.5% from the previous year total of \$13,374,613. Total expenditures and other financing uses were \$10,676,786. This was a decrease of 15.9% from the previous year total of \$12,697,676. A summary of the revenues, expenditures, and other sources (uses) reported on the governmental financial statements is as follows:

Revenues and Expenditures – Governmental Funds

	<u>Revenue</u>	<u>Expenditures</u>	<u>Other Sources (Uses)</u>	<u>Fund Balance Increase (Decrease)</u>
General Fund	\$ 8,969,616	\$ 8,826,188	\$ 92,149	\$ 235,577
Food Service Fund	467,406	465,716	-	1,690
Community Service Fund	187,780	234,131	1,467	(44,884)
Building Construction Fund	21,145	490,221	771,745	302,669
Debt Service Fund	648,915	659,063	-	(10,148)
Totals	<u>\$ 10,294,862</u>	<u>\$ 10,675,319</u>	<u>\$ 865,361</u>	<u>\$ 484,904</u>

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (FUND FINANCIAL STATEMENTS) (Cont'd)
GENERAL FUND**

The General Fund is used by the District to record the primary operations of providing educational services to students from kindergarten through grade twelve. Pupil transportation activities, capital purchases and major maintenance projects are also included in the General Fund.

The following schedule presents a summary of General Fund revenues and other financing sources:

Revenues – General Fund				
	Year Ended <u>6/30/2023</u>	Year Ended <u>6/30/2022</u>	Amount of Increase <u>(Decrease)</u>	Percent Increase <u>(Decrease)</u>
Local Sources				
Property Taxes	\$ 1,630,168	\$ 1,601,889	\$ 28,279	1.8%
Tuition Contracts	19,131	1,724	17,407	1,009.7%
Other Local Sources	383,402	279,531	103,871	37.2%
State Sources	6,050,105	5,984,891	65,214	1.1%
Federal Sources	<u>886,810</u>	<u>753,524</u>	<u>133,286</u>	17.7%
Total Revenues	<u>8,969,616</u>	<u>8,621,559</u>	<u>348,057</u>	4.0%
Other Financing Sources				
Issuance of Right of Use Lease	51,283	-	51,283	100.0%
Issuance of Subscription Arrangements	28,208	-	28,208	100.0%
Proceeds from Sale of Equipment	8,649	-	8,649	100.0%
Insurance Recovery	<u>5,476</u>	<u>-</u>	<u>5,476</u>	100.0%
Total Other Financing Sources	<u>93,616</u>	<u>-</u>	<u>93,616</u>	100.0%
Total Revenues and Other Financing Sources	<u>\$ 9,063,232</u>	<u>\$ 8,621,559</u>	<u>\$ 441,673</u>	5.1%

The following schedule presents a summary of General Fund expenditures and other financing uses:

Expenditures – General Fund				
	Year Ended <u>6/30/2023</u>	Year Ended <u>6/30/2022</u>	Amount of Increase <u>(Decrease)</u>	Percent Increase <u>(Decrease)</u>
Salaries and Wages	\$ 4,724,239	\$ 4,571,083	\$ 153,156	3.4%
Employee Benefits	1,367,352	1,202,783	164,569	13.7%
Purchased Services	1,431,773	1,019,127	412,646	40.5%
Supplies and Materials	564,192	442,227	121,965	27.6%
Other Expenditures	48,705	51,603	(2,898)	(5.6%)
Capital Expenditures	471,080	547,755	(76,675)	(14.0%)
Debt Service Expenditures	<u>218,847</u>	<u>180,860</u>	<u>37,987</u>	21.0%
Total Expenditures	<u>8,826,188</u>	<u>8,015,438</u>	<u>810,750</u>	10.1%
Other Financing Uses				
Transfer Out to Other Funds	<u>1,467</u>	<u>-</u>	<u>1,467</u>	100.0%
Total Expenditures and Other Financing Uses	<u>\$ 8,827,655</u>	<u>\$ 8,015,438</u>	<u>\$ 812,217</u>	10.1%

In summary, the 2022-2023 General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$235,577 resulting in the total fund balance increasing to \$4,311,925 at June 30, 2023. After deducting statutory and accounting standards restrictions and fund balance policy assignments, the unassigned fund balance increased \$366,294 to \$2,641,878 at June 30, 2023. The District closely monitors the General Fund unassigned fund balance through its budgeting process throughout the year.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (FUND FINANCIAL STATEMENTS) (Cont'd)
GENERAL FUND BUDGETARY HIGHLIGHTS**

During the year ended June 30, 2023 the District revised its operating budget once. This revision was planned, and was necessary because when the initial budget was prepared and adopted (a budget must be in place prior to the beginning of the fiscal year on July 1) details of student enrollment numbers, salary details, staffing levels, and other significant information items were not yet known. This revision was made in March to reflect significant changes in enrollment data, state funding adjustments, and unforeseen changes in revenue and expenditure categories.

The District's final budget for the General Fund anticipated that revenues and other financing sources would exceed expenditures and other financing uses by \$173,588; the actual results for the year showed a surplus of \$235,577.

- Actual revenues were \$42,375, or 0.5 percent, less than budget. This was due mainly to more special education aid, general education aid, earnings from investments, and contributions received than expected, partially offset by less federal ESSER funds received than anticipated.
- Actual expenditures were \$26,167, or 0.3 percent, less than budget. This was mainly due to less salaries and wages and purchased services being paid out than budgeted for, partially offset by more capital outlay than budgeted.

FOOD SERVICE FUND

The Food Service Fund revenue for 2022-2023 totaled \$467,406 and expenditures were \$465,716, resulting in a fund balance increase of \$1,690. The June 30, 2023 Food Service Fund balance is \$220,350.

COMMUNITY SERVICE FUND

In 2022-2023, the total revenues and other financing sources for the Community Service Fund were \$189,247 and total expenditures were \$234,131, resulting in a fund balance decrease of \$44,884. This decrease is due to salaries and wages and benefits being paid out of this fund in order to reduce fund balance partially offset by tuition and fees from patrons received. The Community Service Fund balance as of June 30, 2023 is \$43,825.

BUILDING CONSTRUCTION FUND

In 2022-2023, total revenues and other financing sources were \$792,890 and total expenditures were \$490,221 for the Building Construction Fund. The fund is being used to account for general obligation facilities maintenance bond proceeds for facility projects and expenditures related to indoor air quality projects, asbestos abatement in the Sacred Heart building, and other projects in the District's approved ten-year facility plan. The increase in the fund balance is due to the bond proceeds not being fully spent in the current year. The fund balance is \$302,669 at June 30, 2023.

DEBT SERVICE FUND

In 2022-2023, total revenues were \$648,915 and total expenditures were \$659,063. This resulted in a total fund balance decrease of \$10,148. The fund balance at June 30, 2023 is \$140,233.

CAPITAL, RIGHT OF USE, AND SUBSCRIPTION ASSETS AND DEBT ADMINISTRATION

The District implemented Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs) during fiscal year 2023 which requires the District to record subscription assets and the related subscription liabilities (when applicable).

CAPITAL, RIGHT OF USE, AND SUBSCRIPTION ASSETS

As of June 30, 2023, the District had net capital, right of use, and subscription assets of \$15,057,675 representing a broad range of capital, right of use, and subscription assets, including school buildings and improvements, computer and audio-visual equipment, and various other equipment and electronic curriculum for instructional support and administrative purposes. Total depreciation and amortization expense for the year was \$524,909. Information about the District's capital, right of use, and subscription assets is shown below. More detailed information about the District's capital, right of use, and subscription assets is presented in Note 4 to the financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

**CAPITAL AND RIGHT OF USE ASSET AND DEBT ADMINISTRATION (Cont'd)
CAPITAL, RIGHT OF USE, AND SUBSCRIPTION ASSETS (Cont'd)**

Capital, Right of Use, and Subscription Assets

	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>Percentage Change</u>
Land	\$ 10,350	\$ 10,350	0.0%
Construction in Progress	789,030	-	100.0%
Buildings and Improvements	19,521,326	19,316,752	1.1%
Equipment and Vehicles	2,105,184	2,061,967	2.1%
Right of Use Assets	72,930	75,747	(3.7%)
Subscription Assets	64,658	36,450	77.4%
Less: Accumulated Depreciation And Amortization	<u>(7,505,803)</u>	<u>(7,146,369)</u>	5.0%
Net Capital, Right of Use, and Subscription Assets	<u>\$ 15,057,675</u>	<u>\$ 14,354,897</u>	(4.9%)

DEBT ADMINISTRATION

At year-end, the District had \$7,785,000 in general obligation bonds outstanding. The District also had various other long-term liabilities as detailed in Note 5 to the financial statements.

- The District issued \$725,000 of General Obligation Facilities Maintenance Bonds, Series 2022A to fund indoor air quality projects, asbestos abatement in the Sacred Heart building, and other projects included in the District's approved ten-year facility plan.
- The District entered into a \$51,283 right of use lease for print management equipment.
- The District entered into a \$28,208 subscription arrangement for electronic curriculum, which was paid in full up front.
- The District continues to pay its scheduled debt payments, retiring \$603,509 of bonds, lease and subscription liabilities.

Outstanding Debt

	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>Percentage Change</u>
General Obligation Bonds	\$ 7,785,000	\$ 7,495,000	3.9%
Financed Purchase Leases	872,231	998,529	(12.6%)
Right of Use Leases	<u>47,961</u>	<u>10,681</u>	(349.0%)
Total	<u>\$ 8,705,192</u>	<u>\$ 8,504,210</u>	2.4%

FACTORS BEARING ON THE DISTRICT'S FUTURE

COVID-19 related funding once again played a factor in 2022-2023, but will be discontinued at the end of 2023-2024. The additional revenue from the CARES ACT offset most of the additional expenditures for personal protective equipment, transportation, and personnel.

In the 2023 Legislative Session, the Legislature approved foundation formula increases of 4.00% and 2.00%, for the 2023-2024 and 2024-2025 fiscal years, respectively. This has a very positive effect for school district operations and maintaining a balanced budget. The Legislature also made the expiring funding for universal pre-school for all four-year old's permanent during the 2023 Legislative session. The District was a recipient of the temporary funding for VPK from fiscal year 2018 through 2023 and it will now be permanent. This is bringing a significant change for school districts in Minnesota that have voluntary pre-school programs. The Legislature also approved free breakfast and lunch to all K-12 students, regardless of family income during the 2023 Legislative session. This has a positive effect for school district food service funds. Along with these, long-term facilities maintenance revenue was approved in the 2015 Legislative Session, began in 2016-2017, and will increase per pupil unit each year. This has a significant, positive effect for the District as the District has been working to maintain the facilities in the District. Economic conditions in Minnesota have been changing and hopefully the Legislature will continue to have options available to them in providing programs and support for E-12 education.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

FACTORS BEARING ON THE DISTRICT’S FUTURE (Cont’d)

The District also received significant funding for Pathways II beginning in 2017-2018, and extended through 2022-2023. This has also brought significant revenue to the District.

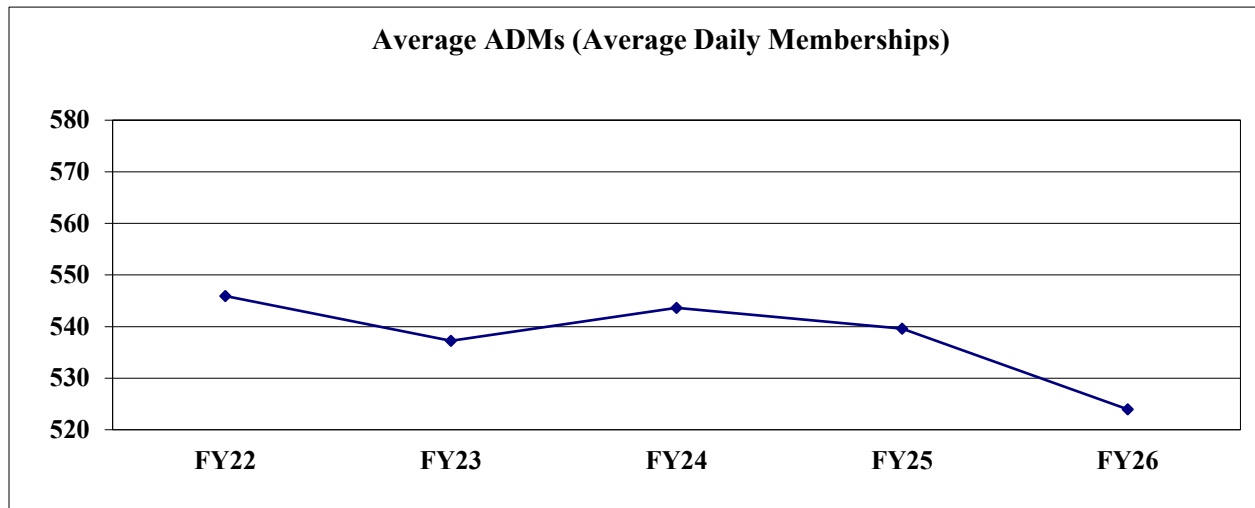
On August 8, 2016 the District’s voters supported renewing the expiring referendum revenue authorization of the District in the amount of \$1,558 per adjusted pupil unit which was scheduled to expire after taxes payable in 2016. This referendum is in effect for 10 years.

The District has many projects underway that are expected to be completed in fiscal year 2024. These projects include demolition of the Sacred Heart building, a new air handler system and replacement of the ag shop roof.

The majority of labor contracts are in effect for two-year periods. The contract with District certified teachers is in effect for the two-year period ending June 30, 2023. The contract for the Education Support Professionals is in effect for the two-year period ending June 30, 2023. The contract for the Groundskeepers is in effect for the two-year period ending June 30, 2023. These unionized contracts ending June 30, 2023 are currently in negotiations. The District tries to be fair with staff during the negotiations process, but always needs to balance that approach with the availability of resources, along with looking at the long-term financial well-being of the District. Negotiated settlements are always an area of financial challenge for the District. Labor costs and related benefits account for approximately 69% of the District’s General Fund operating expenditures.

The contract for the custodians is in effect for the two-year period ending June 30, 2023. The contract with the District’s principals is in effect for the one-year period ending June 30, 2023. The contract for the confidential employees is in effect for the two-year period ending June 30, 2023. The contract for the superintendent is in effect for the three-year period ending June 30, 2024. These contracts are non-unionized.

The District’s future projections reflect a stable student enrollment. This impacts the District’s funding since enrollment is what actually determines most of a school’s funding components. Hence, if there is an increase in enrollment the District could anticipate an increase in revenues even if there were no increases to the formulas. Maintaining stability of the District’s enrollment continues to be one of the District’s goals. The District has seen a slight decrease in enrollment. The slight anticipated decrease is due to more students graduating than entering the school and the transient nature of some of the local population.



**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide District citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If one has questions about this report or needs additional financial information, contact the Business Office, Independent School District No. 2890, Renville County West, 301 NE 3rd St, Renville, MN 56284, visit the District website at rew.k12.mn.us, or call (320) 329-8368.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 STATEMENT OF NET POSITION
 JUNE 30, 2023
 (with Partial Comparative Information as of June 30, 2022)

	Governmental Activities	
	2023	2022
ASSETS		
Current Assets:		
Cash and Investments	\$ 5,551,902	\$ 4,806,342
Restricted Cash	-	179
Property Taxes Receivable-Net	1,486,555	1,282,880
Accounts and Interest Receivable	20,014	5,334
Due From State of Minnesota	595,530	639,134
Due From Federal Government	24,359	124,987
Due From Other Minnesota Districts	106,407	118,622
Inventory	2,135	2,238
Prepaid Expenses	-	-
Total Current Assets	7,786,902	6,979,716
Noncurrent Assets:		
Cash and Investments	23,816	-
Capital Assets:		
Land	10,350	10,350
Construction in Progress	789,030	-
Other Capital, Right of Use and Subscription Assets, Net of Depreciation and Amortization	14,258,295	14,315,481
Total Noncurrent Assets	15,081,491	14,325,831
TOTAL ASSETS	22,868,393	21,305,547
DEFERRED OUTFLOWS OF RESOURCES		
Related to OPEB	222,561	245,822
Related to Pensions	1,589,271	1,873,670
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,811,832	2,119,492
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 24,680,225	\$ 23,425,039
LIABILITIES		
Current Liabilities:		
Salaries Payable	\$ 27,168	\$ 31,521
Accounts and Interest Payable	334,511	283,509
Interest Payable from Restricted Cash	-	179
Due to Other Governmental Units	15	5
Payroll Liabilities	84,474	62,546
Unearned Revenue	77,756	68,452
Current Portion of Long-Term Liabilities	769,948	696,113
Total Current Liabilities	1,293,872	1,142,325
Noncurrent Liabilities:		
Net Pension Liability	5,527,092	3,227,737
Total OPEB Liability	904,049	1,068,869
Noncurrent Portion of Long-Term Liabilities	8,293,550	8,211,684
Total Noncurrent Liabilities	14,724,691	12,508,290
TOTAL LIABILITIES	16,018,563	13,650,615
DEFERRED INFLOWS OF RESOURCES		
Property Taxes Levied for Subsequent Year's Expenditures	2,360,078	2,095,345
Related to OPEB	298,748	315,764
Related to Pensions	1,293,576	5,164,809
TOTAL DEFERRED INFLOWS OF RESOURCES	3,952,402	7,575,918
NET POSITION		
Net Investment in Capital, Right of Use, and Subscription Assets	6,534,955	5,768,026
Restricted For:		
Food Service	220,350	218,660
Community Service	44,931	89,159
Other Activities	367,576	440,379
Unrestricted	(2,458,552)	(4,317,718)
TOTAL NET POSITION	4,709,260	2,198,506
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 24,680,225	\$ 23,425,039

The accompanying notes are an integral part of the basic financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023
(with Partial Comparative Information for the Year Ended June 30, 2022)**

<u>Functions/Programs</u>	<u>2023</u>				<u>Net (Expense)</u>	<u>2022</u>
	<u>Expenses</u>	<u>Charges for</u>	<u>Program Revenues</u>		<u>Revenue and</u>	<u>Net (Expense)</u>
		<u>Services</u>	<u>Operating</u>	<u>Capital</u>	<u>Changes in</u>	<u>Revenue and</u>
			<u>Grants and</u>	<u>Grants and</u>	<u>Net Position</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Contributions</u>		<u>Net Position</u>
Governmental Activities:						
District and School Administration	\$ 492,298				\$ (492,298)	\$ (494,231)
District Support Services	262,119				(262,119)	(252,284)
Regular Instruction	3,074,112	\$ 88,750	\$ 1,413,360		(1,572,002)	(2,243,360)
Vocational Instruction	146,365	-	-		(146,365)	(98,666)
Exceptional Instruction	1,039,333	3,007	829,375		(206,951)	(262,915)
Community Education and Services	183,487	56,939	63,249		(63,299)	(91,828)
Instructional Support Services	99,711	-	-		(99,711)	(113,886)
Pupil Support Services	985,164	131,041	372,763		(481,360)	(452,863)
Site, Buildings and Equipment	830,355	20,631	-	\$ 14,034	(795,690)	(743,323)
Fiscal and Other Fixed Cost Programs	99,300	-	20,000	-	(79,300)	(54,625)
Interest on Long-Term Debt	263,467	-	-	-	(263,467)	(318,701)
Depreciation and Amortization - Unallocated **	391,261	-	-	-	(391,261)	(385,510)
Total Governmental Activities	<u>7,866,972</u>	<u>300,368</u>	<u>2,698,747</u>	<u>14,034</u>	<u>(4,853,823)</u>	<u>(5,512,192)</u>
General Revenues:						
** This line excludes direct depreciation and amortization expenses of the various programs						
Property Taxes Levied for:						
General Purposes					1,659,207	1,641,759
Community Education and Service					62,188	49,301
Debt Service					333,456	368,583
Federal and State Aid Not						
Restricted to Specific Purposes					5,067,385	4,959,860
Earnings on Investments					175,744	6,392
Gain on the Disposal of Assets					4,676	-
Miscellaneous Revenues					32,855	23,894
Total General Revenues					<u>7,335,511</u>	<u>7,049,789</u>
Change in Net Position					<u>2,481,688</u>	<u>1,537,597</u>
Net Position - Beginning of Year, As Originally Stated					<u>2,198,506</u>	<u>664,410</u>
Prior Period Adjustment					<u>29,066</u>	<u>(3,501)</u>
Net Position - Beginning of Year, As Restated					<u>2,227,572</u>	<u>660,909</u>
Net Position - Ending					<u>\$ 4,709,260</u>	<u>\$ 2,198,506</u>

The accompanying notes are an integral part of the basic financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 BALANCE SHEET - GOVERNMENTAL FUNDS
 JUNE 30, 2023
 (with Partial Comparative Information as of June 30, 2022)

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Debt Service	Building Construction	2023	2022
ASSETS							
Cash and Investments	\$ 4,639,477	\$ 204,562	\$ 96,248	\$ 313,037	\$ 322,394	\$ 5,575,718	\$ 4,806,342
Current Property Taxes Receivable	799,745	-	29,584	632,142	-	1,461,471	1,258,027
Delinquent Property Taxes Receivable	15,394	-	1,106	8,584	-	25,084	24,853
Accounts and Interest Receivable	539	19,079	396	-	-	20,014	5,334
Due From State of Minnesota	557,753	-	6,280	31,497	-	595,530	639,134
Due From Federal Government	11,595	12,764	-	-	-	24,359	124,987
Due From Other Minnesota Districts	106,407	-	-	-	-	106,407	118,622
Inventory	-	2,135	-	-	-	2,135	2,238
Restricted Cash	-	-	-	-	-	-	179
TOTAL ASSETS	\$ 6,130,910	\$ 238,540	\$ 133,614	\$ 985,260	\$ 322,394	\$ 7,810,718	\$ 6,979,716
LIABILITIES							
Salaries Payable	\$ 18,027	\$ -	\$ 9,141	\$ -	\$ -	\$ 27,168	\$ 31,521
Accounts Payable	180,841	13,000	3,575	-	19,725	217,141	162,896
Due to Other Governmental Units	15	-	-	-	-	15	5
Payroll Liabilities	84,474	-	-	-	-	84,474	62,546
Unearned Revenue	61,590	5,190	10,976	-	-	77,756	68,452
TOTAL LIABILITIES	344,947	18,190	23,692	-	19,725	406,554	325,420
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue - Delinquent Property Taxes	15,394	-	1,106	8,584	-	25,084	24,853
Property Tax Levied for Subsequent Year's Expenditures	1,458,644	-	64,991	836,443	-	2,360,078	2,095,345
TOTAL DEFERRED INFLOWS OF RESOURCES	1,474,038	-	66,097	845,027	-	2,385,162	2,120,198
FUND BALANCES							
Nonspendable Fund Balance	-	2,135	-	-	-	2,135	2,238
Restricted Fund Balances	367,576	218,215	43,825	140,233	302,669	1,072,518	895,891
Assigned Fund Balances	1,302,471	-	-	-	-	1,302,471	1,360,385
Unassigned Fund Balances	2,641,878	-	-	-	-	2,641,878	2,275,584
TOTAL FUND BALANCES	4,311,925	220,350	43,825	140,233	302,669	5,019,002	4,534,098
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 6,130,910	\$ 238,540	\$ 133,614	\$ 985,260	\$ 322,394	\$ 7,810,718	\$ 6,979,716

The accompanying notes are an integral part of the basic financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023
(with Partial Comparative Information as of June 30, 2022)

	2023	2022
Total Fund Balances for Governmental Funds	\$ 5,019,002	\$ 4,534,098
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital, Right of Use, and Subscription Assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Those assets consist of:		
Land	10,350	10,350
Construction in Progress	789,030	-
Other Capital, Right of Use, and Subscription Assets, Net of \$7,505,803 of Accumulated Depreciation and Amortization	14,258,295	14,315,481
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenue in the funds.		
	25,084	24,853
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		
	(117,370)	(120,792)
Deferred outflows and inflows of resources related to pensions and other post employment benefits are applicable to future periods and, therefore, are not reported in the funds.		
Deferred Outflows of Resources Related to Pensions	1,589,271	1,873,670
Deferred Outflows of Resources Related to OPEB	222,561	245,822
Deferred Inflows of Resources Related to Pensions	(1,293,576)	(5,164,809)
Deferred Inflows of Resources Related to OPEB	(298,748)	(315,764)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:		
Bonds Payable	(7,785,000)	(7,495,000)
Financed Purchase Lease Liabilities	(872,231)	(998,529)
Right of Use Lease Liabilities	(47,961)	(10,681)
Other Post Employment Benefits Payable	(904,049)	(1,068,869)
Severance Benefits Payable	(83,179)	(141,622)
Pension Benefits Payable	(5,527,092)	(3,227,737)
Unamortized Bond Premiums	(275,127)	(261,965)
Total Net Position of Governmental Activities	\$ <u>4,709,260</u>	\$ <u>2,198,506</u>

The accompanying notes are an integral part of the basic financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023
 (with Partial Comparative Information for the Year Ended June 30, 2022)

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Building Construction	Debt Service	2023	2022
REVENUES							
Local Property Tax Levies	\$ 1,630,168		\$ 61,532		\$ 327,314	\$ 2,019,014	\$ 2,017,359
Other Local and County Revenues	362,451	\$ 8,184	85,577	\$ 21,145	6,628	483,985	358,592
Revenue From State Sources	6,050,105	23,840	40,010	-	314,973	6,428,928	6,334,397
Revenue From Federal Sources	886,810	304,342	-	-	-	1,191,152	1,259,939
Sales and Other Conversion of Assets	40,082	131,040	661	-	-	171,783	48,355
TOTAL REVENUES	8,969,616	467,406	187,780	21,145	648,915	10,294,862	10,018,642
EXPENDITURES							
Current:							
District and School Administration	638,092	-	-	-	-	638,092	545,731
District Support Services	248,241	-	-	-	-	248,241	247,647
Regular Instruction	4,026,712	-	-	-	-	4,026,712	3,685,984
Vocational Instruction	183,085	-	-	-	-	183,085	106,774
Exceptional Instruction	1,211,557	-	-	-	-	1,211,557	1,194,638
Community Education and Services	-	-	234,131	-	-	234,131	240,576
Instructional Support Services	102,006	-	-	-	-	102,006	119,759
Pupil Support Services	501,840	429,724	-	-	-	931,564	975,833
Site, Buildings and Equipment	1,125,428	-	-	-	-	1,125,428	739,204
Fiscal and Other Fixed Cost Programs	99,300	-	-	-	-	99,300	74,625
Capital Outlay:	471,080	35,992	-	454,567	-	961,639	547,755
Debt Service:							
Principal	178,092	-	-	-	435,000	613,092	599,779
Interest	40,755	-	-	-	224,063	264,818	263,579
Other Debt Service Expenditures	-	-	-	35,654	-	35,654	80,792
TOTAL EXPENDITURES	8,826,188	465,716	234,131	490,221	659,063	10,675,319	9,422,676
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	143,428	1,690	(46,351)	(469,076)	(10,148)	(380,457)	595,966
OTHER FINANCING SOURCES (USES)							
Issuance of Right of Use Lease	51,283	-	-	-	-	51,283	-
Issuance of Subscription Arrangements	28,208	-	-	-	-	28,208	-
Proceeds from Sale of Equipment	8,649	-	-	-	-	8,649	-
Insurance Recovery	5,476	-	-	-	-	5,476	-
Payment for Bond Redemption	-	-	-	-	-	-	(3,275,000)
Issuance of Bonds	-	-	-	-	-	-	3,115,000
Bond Proceeds	-	-	-	725,000	-	725,000	-
Bond Issuance Premium	-	-	-	46,745	-	46,745	240,971
Operating Transfers In (Out)	(1,467)	-	1,467	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	92,149	-	1,467	771,745	-	865,361	80,971
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	235,577	1,690	(44,884)	302,669	(10,148)	484,904	676,937
FUND BALANCE BEGINNING OF YEAR	4,076,348	218,660	88,709	-	150,381	4,534,098	3,857,161
FUND BALANCE END OF YEAR	\$ 4,311,925	\$ 220,350	\$ 43,825	\$ 302,669	\$ 140,233	\$ 5,019,002	\$ 4,534,098

The accompanying notes are an integral part of the basic financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
 REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2023**
 (with Partial Comparative Information for the Year Ended June 30, 2022)

	2023	2022
Total Net Change in Fund Balances - Governmental Funds	\$ 484,904	\$ 676,937
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays to purchase or build capital assets, right of use assets financed with long-term lease liabilities, and subscription assets acquired are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expense in the Statement of Activities. This is the amount by which capital outlay exceeds depreciation and amortization expense in the period.		
Right of Use Assets Acquired	51,283	-
Subscription Assets Acquired	28,208	-
Capital Outlays	1,152,169	340,003
Depreciation and Amortization Expense	(524,909)	(508,952)
Proceeds from the sale/trade of capital assets are reported in governmental funds as other financing sources without regard to any cost basis adjustment. However, for governmental activities those proceeds are adjusted for any remaining cost basis of the assets that were disposed.	(3,973)	-
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities on the Statement of Net Position. In the current period these amounts consist of:		
Repayment of Bond Principal	435,000	3,735,000
Repayment of Financed Purchase Lease	126,298	121,890
Repayment of Right of Use Lease	14,003	17,889
Repayment of Subscription Arrangements	28,208	-
Long-term borrowing is reported as revenue (other financing sources) in governmental funds, but these proceeds increase long-term liabilities on the Statement of Net Position. In the current period these amounts consisted of:		
Issuance of Right of Use Lease	(51,283)	-
Issuance of Subscription Arrangements	(28,208)	-
Issuance of Bonds	(725,000)	(3,115,000)
Premiums associated with bond financing are reported as revenue (other financing sources) in governmental funds, but these amounts increase long-term liabilities on the Statement of Net Position.	(46,745)	(240,971)
Interest on long-term debt 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. In addition, the amortization of bond premium decreases interest expense in the Statement of Activities.	37,005	25,670
Property taxes that will not be collected for several months after the District's fiscal year end are not considered available revenues in the governmental funds, and are instead considered unavailable tax revenues. They are, however, recorded as revenues in the Statement of Activities.	231	1,341
In the Statement of Activities, other post employment benefits are measured by the amounts actuarially accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amount of actual or implicit resources used.	158,575	134,140
Governmental funds recognized pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.		
State Aid Related to Pension Expense	48,891	(366)
Pension Expense	1,238,588	354,386
In the Statement of Activities, severance benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts paid).	58,443	(4,370)
Change in Net Position of Governmental Activities	\$ 2,481,688	\$ 1,537,597

The accompanying notes are an integral part of the basic financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The financial statements of Independent School District No. 2890, Renville County West, Renville, Minnesota have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB pronouncements are recognized as U.S. generally accepted accounting principles for state and local governments.

B. FINANCIAL REPORTING ENTITY

Independent School District No. 2890, Renville County West, Renville, Minnesota (the District) is an instrumentality of the State of Minnesota established to function as an educational institution. The elected School Board (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

U.S. Generally Accepted Accounting Principles (GAAP) require that the District's financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separated from the District. In addition, the District's financial statements are to include all component units – entities for which the District is financially accountable.

Financial accountability includes such aspects as appointing a voting majority of the organization's governing body, significantly influencing the programs, projects, activities or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burden on, the organization. These financial statements include all funds of the District. There are no other entities for which the District is financially accountable.

Student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside school hours. The School Board does have a fiduciary responsibility in establishing broad policies and ensuring that appropriate financial records are maintained for student activities. In accordance with GASB Statement No. 84, Fiduciary Activities, and Minnesota State Statutes, the District's School Board does exercise control or oversight responsibility with respect to the underlying student activities. Accordingly, the student activity funds are included in these financial statements.

C. BASIC FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District.

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

The District applies restricted resources first when an expense is incurred for purpose for which both restricted and unrestricted net position are available. Depreciation and amortization expense that can be specifically identified by function is included in the direct expenses of each function. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. BASIC FINANCIAL STATEMENT PRESENTATION (Cont'd)

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

Fiduciary funds are used to account for assets held by the District in a fiduciary capacity. No assets of the District were determined to be of this nature, so no fiduciary funds are presented.

Proprietary funds are used to report business-type activities carried on by a school district. No activities of the District were determined to be of this nature, so no proprietary funds are present in the financial statements.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 generally recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized when 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. Under this basis of accounting, transactions are recorded in the following manner:

1. Revenue Recognition – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes and U.S. generally accepted accounting principles. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales, community education tuition, and other miscellaneous revenue (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A six-month availability period is generally used for other fund revenue.
2. Recording of Expenditures – Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used. Principal and interest on long-term debt issues, lease liabilities, and subscription liabilities are recognized on their due dates.

Description of Funds

The existence of the various District funds has been established by the State of Minnesota, Department of Education. The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. A description of the funds included in this report is as follows:

Governmental Funds

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund. It includes the general operations and pupil transportation activities of the District, as well as the capital related activities such as maintenance of facilities, equipment purchases, health and safety projects, and disabled accessibility projects.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Cont'd)

Governmental Funds (Cont'd)

Food Service Fund – The Food Service Fund is used to account for food service revenues and expenditures.

Community Service Fund – The Community Service Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, veterans, adult or early childhood programs or other similar services.

Building Construction Fund – The Building Construction Fund is used to account for financial resources to be used for the construction of major capital facilities.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and related costs.

GASB Statement No. 34 specifies that the accounts and activities of each of the District’s most significant governmental funds (termed “major funds”) be reported in separate columns on the fund financial statements. Other non-major funds can be reported in total. Although only the General Fund and Debt Service Fund are major funds by definition, the District has elected to report all funds as major funds and therefore presents all funds in separate columns on the fund financial statements – an option permitted by GASB Statement No. 34.

E. BUDGETING

Budgets presented in this report for comparison to actual amounts are presented in accordance with U.S. generally accepted accounting principles. Each June, the School Board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service, Building Construction, and Debt Service Funds. The approved budget is published in summary form in the District’s legal newspaper by November 30 of each year. Reported budget amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level.

Procedurally, in establishing the budgetary data reflected in these financial statements, the Superintendent submits to the School Board prior to July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means to finance them. The budget is legally enacted by School Board action. Revisions to budgeted amounts must be approved by the School Board.

Total fund expenditures in excess of the budget require approval of the School Board. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at line item levels. Budget provisions for the Debt Service Fund are set by state law governing required debt service levels.

Unencumbered expenditure appropriations lapse at year-end. Encumbrances are generally not recorded.

F. CASH AND INVESTMENTS

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer’s Investment Pool. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances. Investments are reported at fair value.

Cash and investments at June 30, 2023 are comprised of deposits, certificates of deposit, and shares in the Minnesota School District Liquid Asset Fund (MSDLAF) and Minnesota Trust Investment. The MSDLAF 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 2.a.7. The fair value of the position in the pool is the same as the value of the pool shares.

INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. CASH AND INVESTMENTS (Cont'd)

The District has formal policies in place as of June 30, 2023 to address custodial credit risk for deposits. The District does not have formal policies in place to address credit risk, concentration of credit risk, interest rate risk and custodial credit risk for investments.

G. ACCOUNTS RECEIVABLE

Accounts receivable represent amounts receivable from individuals, firms, and corporations for goods and services furnished by the District. Amounts due from the State of Minnesota and from other governmental units for general education aids and reimbursements under various specific programs are reported at the estimated amounts to be received based on available information at the date of this report. In some instances, adjustments and proration by these agencies, which are dependent upon the amount of funds available for distribution, may result in differing amounts actually being received. Any such differences will be absorbed into operations of the subsequent period. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary. The only receivables not expected to be collected within one year are delinquent property taxes receivable, which are generally immaterial.

H. INVENTORIES

Inventories are recorded using the consumption method of accounting and consist of purchased food, supplies and surplus commodities received from the federal government. Food and supply purchases are recorded at invoice cost, computed on a first-in, first-out method, and surplus commodities are stated at standardized cost, as determined by the Department of Agriculture.

I. PREPAYMENTS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Prepaid items are reported using the consumption method and recorded as an expense or expenditure at the time of consumption.

J. PROPERTY TAXES

The School Board annually adopts a tax levy and certifies it to the County in December for collection in the following year. The County is responsible for collecting all property taxes for the District. These taxes attach an enforceable lien on taxable property within the District on January 1 and are payable by the property owners in May and October of each year. The taxes are collected by the County Auditor/Treasurer and tax settlements are made to the District periodically throughout the year.

Statutory funding formulas determine the majority of the District revenue in the General and special revenue funds. This revenue is divided between property taxes and State aids by the legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the "tax shift." The remaining portion of taxes collectible in 2023 is recorded as a deferred inflow of resources (property tax levied for subsequent year's expenditures).

Taxes that 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 reported as a deferred inflow of resources (unavailable revenue) in the fund financial statements because it is not known to be available to finance the operations of the District in the current year.

K. CAPITAL ASSETS

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The District maintains a threshold level of \$5,000 for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. CAPITAL ASSETS (Cont'd)

Capital assets are recorded in the government-wide financial statement, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment.

Capital assets not being depreciated include land and construction in progress, if any.

The District does not possess any material amounts of infrastructure capital assets. Items such as sidewalks and other land improvements are considered to be part of the cost of buildings or other improvable property.

L. LEASES

The District accounts for leases under GASB Statement No. 87, *Leases*. This requires the establishment of a lease liability and related right of use asset for all leases with a term longer than 12 months. The District evaluates each arrangement at inception to determine if it qualifies as a long-term lease.

The District capitalizes right of use assets at the present value of the lease payments over the lease term at the commencement date. Right of use assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Right of use assets are amortized using the straight-line method over the term of the lease.

The District records long-term leases at the present value of the lease payments over the lease term at the commencement date. Lease payments may include fixed and variable payment amounts. The District determines the relevant lease term by evaluating whether renewal and termination options are reasonably certain to be exercised. If it is not explicitly stated in the agreement, the District uses a discount rate based on the value of the asset or their incremental borrowing rate to calculate the present value of the lease payments.

Payments on leases with a term of less than 12 months are recorded as expenditures at the time of payment.

M. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The District accounts for subscription-based information technology arrangements (SBITAs) under GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This requires the establishment of a subscription asset and related subscription liability (where applicable) for all SBITAs with a term longer than 12 months. The District evaluates each subscription arrangement at inception to determine if it qualifies as a SBITA.

The District capitalizes subscription assets at the present value of the subscription payments over the subscription term at the commencement date. Subscription assets are recorded in the government-wide financial statements but are not reported in the fund financial statements. Subscription assets are amortized using the straight-line method over the term of the subscription.

Subscriptions arrangements may be paid upfront, thus there may be no subscription liability associated with the subscription asset. If a subscription arrangement is paid in installments, the District records long-term subscriptions arrangements at the present value of the subscription payments over the subscription term at the commencement date. Subscription payments may include fixed and variable payment amounts. The District determines the relevant subscription arrangement term by evaluating whether renewal and termination options are reasonably certain to be exercised. If it is not explicitly stated in the agreement, the District uses a discount rate based on the value of the intangible asset or their incremental borrowing rate to calculate the present value of the subscription payments. Subscription liabilities are recorded in the government-wide financial statements but are not reported in the fund financial statements.

Payments on subscription arrangements with a term of less than 12 months are recorded as expenditures at the time of payment.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. 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. Existing bonded debt is reported at the face value of remaining indebtedness. For any new indebtedness that may be issued, bond premiums and discounts will be deferred and amortized over the life of the bonds using the straight-line method. Bonds payable will be reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported 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, and principal payments are reported as debt service expenditures.

O. DEFERRED OUTFLOWS OF RESOURCES

In addition to assets, the Statement of Net 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 future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

P. DEFERRED INFLOWS OF RESOURCES

In addition to liabilities, the Statement of Net Position and the governmental funds Balance Sheet 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 or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Q. DEFINED BENEFIT PENSION PLANS

The District recognized total pension expense (revenue) of \$(856,320) for the following statewide pension plans in which it participates.

Teachers Retirement Association

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

TRA has a special funding situation created by direct aid contributions made by the State of Minnesota, City of Minneapolis and Minneapolis School District. This direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association 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 in 2015.

Public Employees Retirement Association

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 additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA. 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.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

R. ACCRUED EMPLOYEE BENEFITS

Vacation Pay

Non-certified full-time employees are annually granted one to four weeks vacation depending on years of service; one week after one year, two weeks for between two and five years of service, three weeks between six and twelve years of service, and four weeks after thirteen years of service. Certified employees are not granted vacations.

Sick Pay

Substantially all District employees are entitled to sick leave at various rates. For certain employees, unused sick leave enters into the calculation of severance pay upon termination.

Severance Pay

The District has an early retirement plan for full time teachers, confidential employees and principals who have completed at least fifteen years of continuous full time service and are at least fifty-five years of age.

At June 30, 2023, a liability for severance pay totaling \$83,179 is included in long-term debt in the Statement of Net Position as described in Note 5.

The District also offers health insurance to various groups of employees who are at least fifty-five years old and have served the District for ten to fifteen years at retirement. The health insurance for qualifying retirees will continue until they reach the age of sixty-five. Contribution by the District depends upon which group the employee is in at retirement.

Matching Deferred Annuity Program

Matched deferred compensation is available to various groups of employees who are regularly employed at the District. The District will match the annual employee's contribution, based on years of service, to an approved 403(b) annuity as outlined in the master agreements of the various groups.

S. 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; injuries to employees; natural disasters and workers compensation. The District purchases commercial insurance coverage for such risks.

There has been no significant reduction in insurance coverage from the previous year in any of the District's policies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

T. FUND BALANCE

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of resources reported in governmental funds. These classifications are as follows:

Nonspendable – consists of amounts that cannot be spent because it is not in spendable form, such as inventory items.

Restricted – consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed – consists of amounts that are constrained for specific purposes that are internally imposed by formal action (resolution) of the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

T. FUND BALANCE (Cont'd)

Assigned – consists of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the School Board itself or by an official to which the School Board delegates the authority. Pursuant to School Board resolution, the Finance Coordinator is authorized to establish assignments of fund balance.

Unassigned – is the residual classification for the General Fund and also reflects negative residual amounts in other funds.

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 as determined by the School Board.

The District has formally adopted a fund balance policy. To ensure the financial strength and stability of the District, the Board will endeavor to maintain at least 10% of the District's General Fund operating budget, excluding those accounts associated within the restricted category, in the combined total of the General Fund committed, assigned and unassigned fund balances.

U. NET POSITION

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources in the government-wide financial statements. Net position invested in capital, right of use, and subscription assets consists of capital, right of use, and subscription assets, net of accumulated depreciation and amortization, reduced by the outstanding balance of any long-term debt or lease liabilities used to build, acquire, or finance the capital, right of use, and subscription assets. Net position is reported as restricted in the government-wide financial statement when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, laws or regulations of other governments. All other net position items that do not meet the definition of "net investment in capital, right of use, and subscription assets" or "restricted" are reported as unrestricted.

V. USE OF 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.

W. RECLASSIFICATIONS

Certain amounts in the prior year data have been reclassified in order to be consistent with the current year's presentation. The total amount of the District's prior year fund balance did not change due to these reclassifications.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. DEFICIT FUND BALANCES

At June 30, 2023, the District had no funds with negative fund balances.

3. DEPOSITS AND INVESTMENTS

A. DEPOSITS

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

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

3. DEPOSITS AND INVESTMENTS (Cont'd)

A. DEPOSITS (Cont'd)

Minnesota Statutes require that all District deposits be secured by a bank guaranty bond or 110% of collateral valued at market or par, whichever is lower, less the amount covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk: For deposits, is the risk that, in the event of failure of a depository financial institution, the District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. At various times during the year, the District did not have sufficient collateral, however, as of June 30, 2023 the District's bank balance was not exposed to custodial credit risk as it was insured and properly covered with securities held by the pledging financial institution's trust department or agent and in the District's name.

B. INVESTMENTS

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investments were not exposed to interest rate risk at June 30, 2023.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investments were not exposed to credit risk at June 30, 2023.

Concentration of Credit Risk: Concentration of credit is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District has no formal investment policy that places limits on the amount the District may invest in any one issuer. More than 5% of the District's investments are in MSDLAF, Minnesota Trust Investment Shares, and Minnesota Trust Term Series.

Custodial Credit Risk: For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments were not exposed to custodial credit risk at June 30, 2023.

The following table presents the District's cash and investment balances at June 30, 2023:

<u>Cash/Investment Type</u>	<u>Credit Rating</u>	<u>Average Maturities</u>	<u>Percentage of Total</u>	
Pooled Cash and Investments:				
Money Market Funds	N/A	N/A	21.5%	\$ 1,197,099
Minnesota Trust Investment Shares	N/A	N/A	74.0	4,125,960
Certificates of Deposit	N/A	13.26 Months	0.8	44,268
Checking Account	N/A	N/A	3.7	206,391
Petty Cash	N/A	N/A	0.0	<u>2,000</u>
Total Cash and Investments			100.0%	<u>\$ 5,575,718</u>

Cash and Investments are presented in the June 30, 2023 basic financial statements as follows:

Statement of Net Position:

Current Assets:

Cash and Investments 5,551,902

Noncurrent Assets:

Cash and Investments 23,816

\$ 5,575,718

C. FAIR VALUE MEASUREMENT

The District's cash and investments consist of checking accounts, petty cash, certificates of deposit, and shares in Minnesota's pooled investment accounts, none of which is subject to fair value measurement under GASB Statement No. 72.

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4. CAPITAL, RIGHT OF USE, AND SUBSCRIPTION ASSETS

Capital, right of use, and subscription asset activity for the year ended June 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Construction in Progress	\$ -	\$ 789,030	\$ -	\$ 789,030
Land	<u>10,350</u>	<u>-</u>	<u>-</u>	<u>10,350</u>
Total Capital Assets, Not Being Depreciated	<u>10,350</u>	<u>789,030</u>	<u>-</u>	<u>799,380</u>
Capital Assets, Being Depreciated				
Land Improvements	660,431	44,525	-	704,956
Buildings and Improvements	18,656,321	175,172	15,123	18,816,370
Equipment and Transportation Vehicles	<u>2,061,967</u>	<u>147,942</u>	<u>104,725</u>	<u>2,105,184</u>
Total Capital Assets, Being Depreciated	<u>21,378,719</u>	<u>367,639</u>	<u>119,848</u>	<u>21,626,510</u>
Right of Use Assets, Being Amortized				
Leased Athletic Space	21,647	-	-	21,647
Leased Office Equipment	<u>54,100</u>	<u>51,283</u>	<u>54,100</u>	<u>51,283</u>
Total Right of Use Assets, Being Amortized	<u>75,747</u>	<u>51,283</u>	<u>54,100</u>	<u>72,930</u>
Subscription Assets, Being Amortized				
Electronic Curriculum	<u>36,450</u>	<u>28,208</u>	<u>-</u>	<u>64,658</u>
Total Subscription Assets, Being Amortized	<u>36,450</u>	<u>28,208</u>	<u>-</u>	<u>64,658</u>
Accumulated Depreciation for:				
Land Improvements	426,094	17,410		443,504
Buildings and Improvements	5,283,604	373,831	7,955	5,649,480
Equipment and Transportation Vehicles	1,363,460	108,018	103,420	1,368,058
Accumulated Amortization for:				
Leased Athletic Space	12,988	4,329	-	17,317
Leased Office Equipment	52,839	10,990	54,100	9,729
Electronic Curriculum	<u>7,384</u>	<u>10,331</u>	<u>-</u>	<u>17,715</u>
Total Accumulated Depreciation and Amortization	<u>7,146,369</u>	<u>524,909</u>	<u>165,475</u>	<u>7,505,803</u>
Total Capital, Right of Use, And Subscription Assets Being Depreciated and Amortized, Net	<u>14,344,547</u>			<u>14,258,295</u>
Governmental Activities Capital, Right of Use, and Subscription Assets Net	<u>\$14,354,897</u>			<u>\$ 15,057,675</u>

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4. CAPITAL, RIGHT OF USE, AND SUBSCRIPTION ASSETS (Cont'd)

Depreciation and amortization expense was charged to functions of the District as follows:

Governmental Activities	
District and School Administration	\$ 314
District Support Services	5,476
Regular Instruction	41,550
Vocational Instruction	2,258
Community Education and Services	860
Pupil Support Services	59,791
Site, Buildings and Equipment	23,399
Unallocated	<u>391,261</u>
Total Depreciation and Amortization Expense, Governmental Activities	<u>\$ 524,909</u>

5. LONG-TERM LIABILITIES

A. DESCRIPTION OF LONG-TERM DEBT

Under the provisions of Minnesota Statute §475.53 subd. 4, the District's net debt may not exceed 15% of the estimated market value of all taxable property within the District. The District is in compliance with this provision.

Long-term debt is comprised of the following as of June 30, 2023:

<u>Governmental Activities</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Maturity Date</u>	<u>Debt Outstanding</u>
General Obligation School Building				
Bonds, Series 2015A	2.00 – 3.00%	\$5,360,000	2035	\$ 4,200,000
General Obligation Alternative Facilities				
Refunding Bonds, Series 2021A	1.10 – 3.00%	3,115,000	2029	2,860,000
General Obligation Facilities Maintenance				
Bonds, Series 2022A	4.00%	725,000	2028	725,000
Long-Term Lease Liabilities				
Financed Purchase Leases				
Building Improvements	4.47%	620,202	2026	207,098
Classroom Addition	2.94%	774,000	2027	268,568
Classroom Addition	3.50%	453,000	2036	396,565
Right of Use Leases				
Athletic Space	5.00%	21,647	2024	4,762
Office Equipment	8.80%	51,283	2028	43,199
Severance Pay Payable				83,179
Unamortized Premiums				<u>275,127</u>
Total Outstanding Long-Term Debt				<u>\$ 9,063,498</u>

General Obligation Bonds

On March 18, 2015, the District issued \$5,360,000 of General Obligation School Building Bonds, Series 2015A. The proceeds of this bond issue were used for construction of new classrooms, weight room, and gymnasium. The District will levy property taxes for the retirement of these bonds. Principal and interest payments on these bonds are recorded in the Debt Service Fund. Interest paid in 2022-2023 was \$124,438.

On November 4, 2021, the District issued \$3,115,000 of General Obligation Alternative Facilities Refunding Bonds, Series 2021A. The proceeds of this issue was used to redeem the 2023 through 2032 maturities of the District's \$6,120,000 General Obligation Alternative Facilities Bonds, Series 2012A. This refunding was undertaken to reduce the District's future debt service payments resulting in a present value savings of \$246,519. The District will levy property taxes for the retirement of these bonds. Principal and interest payments on these bonds are recorded in the Debt Service Fund. Interest paid in 2022-2023 was \$99,625.

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5. LONG-TERM LIABILITIES (Cont'd)
A. DESCRIPTION OF LONG-TERM DEBT (Cont'd)

General Obligation Bonds (Cont'd)

On September 1, 2022 the District issued \$725,000 of General Obligation Facilities Maintenance Bonds, Series 2022A. The proceeds of this bond issue will be used for indoor air quality projects, the asbestos abatement in the Sacred Heart building, and projects included in the District's approved ten-year facility plan. The District will levy property taxes for the retirement of these bonds. Principal and interest payments on these bonds are recorded in the Debt Fund. Interest paid in 2022-2023 was \$-0-.

Long-Term Lease Liabilities (Financed Purchase Lease)

On September 23, 2011, the District entered into a fifteen-year lease agreement for \$620,202 with Green Campus Partners, LLC. The lease calls for fifteen annual payments of \$57,687 including principal and interest at a rate of 4.47%. The lease proceeds were used to make improvements to the school building and will be paid for from regular General Fund revenues. The total cost of the building improvements was \$620,202. Total accumulated depreciation on this asset was \$142,646 at June 30, 2023. Interest paid in 2022-2023 was \$11,329.

On October 9, 2012, the District entered into a fifteen-year lease agreement for \$774,000 with Kinetic Leasing, Inc. The lease calls for thirty semi-annual payments of \$32,077 including principal and interest at a rate of 2.94%. The lease proceeds were used for the new classroom building addition facility and will be paid for from regular General Fund revenues. The total cost of the new building was \$774,000. Total accumulated depreciation on this asset was \$162,570 at June 30, 2023. Interest paid in 2022-2023 was \$9,113.

On April 23, 2020, the District entered into a fifteen-year lease agreement for \$453,000 with Bremer Bank, N.A. The lease calls for thirty semi-annual payments of \$19,721 including principal and interest at a rate of 3.50%. The lease proceeds were used for the new classroom building addition facility and will be paid for from regular General Fund revenues. The total cost of the new building was \$2,180,731, of which \$453,000 was financed under the lease. Total accumulated depreciation on this asset was \$152,651 at June 30, 2023. Interest paid in 2022-2023 was \$14,535.

These assets serve as collateral for the related capital lease and are being depreciated using a straight-line method over the life of the asset.

Long-Term Lease Liabilities (Right of Use Lease)

Athletic Space

The District entered into a five year lease agreement in July 2019 with the City of Danube for the use of the gymnasium located in Danube, Minnesota. The lease agreement has required annual principal and interest payments of \$5,000 throughout the term of the lease. The lease liability is measured at a discount rate of 5.00%, as estimated by the District based on its incremental borrowing rate. Principal and interest payments on this lease are recorded in the General Fund. Interest paid in 2022-2023 was \$465.

Postage Meter

The District entered into a five year lease agreement in September 2018 with Pitney Bowes for the use of a postage meter. The lease agreement has required monthly principal and interest payments of \$102 throughout the term of the lease. The lease liability is measured at a discount rate of 5.00%, as estimated by the District based on its incremental borrowing rate. Principal and interest payments on this lease are recorded in the General Fund. Interest paid in 2022-2023 was \$37. This lease ended in April 2023.

The District entered into a five year lease agreement in April 2023 with Pitney Bowes for the use of a postage meter. The lease agreement has required monthly principal and interest payments of \$72 throughout the term of the lease. The lease liability is measured at a discount rate of 8.50%, as estimated by the District based on its incremental borrowing rate. Principal and interest payments on this lease are recorded in the General Fund. Interest paid in 2022-2023 was \$74.

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6. LONG-TERM LIABILITIES (Cont'd)

A. DESCRIPTION OF LONG-TERM DEBT (Cont'd)

Long-Term Lease Liabilities (Right of Use Lease) (Cont'd)

Copiers

The District entered into a five year lease agreement in July 2022 with Canon for the use of various copiers. The lease agreement has required monthly principal and interest payments of \$989 throughout the term of the lease. The lease liability is measured at a discount rate of 8.88%, as estimated by the District based on its incremental borrowing rate. Principal and interest payments on this lease are recorded in the General Fund. Interest paid in 2022-2023 was \$3,923.

These assets serve as collateral for the related right of use lease liability and are being amortized using a straight-line method over the life of the right of use asset.

Subscription Liabilities

Electronic Curriculum

The District entered into various subscription arrangements for electronic curriculum with various vendors for lengths of time ranging from six to eight years. These arrangements have been paid upfront, thus there is no outstanding liability. Payments for these arrangements are recorded in the General Fund. There was no interest paid in 2022-2023.

The subscription assets are being amortized using a straight-line method over the life of the subscription arrangements.

B. MINIMUM DEBT PAYMENTS

Minimum annual principal and interest payments to retire general obligation bonds payable are as follows:

Year Ending June 30	General Obligation Bonds Payable	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 590,000	\$ 234,507
2025	615,000	205,274
2026	635,000	186,324
2027	660,000	166,724
2028	710,000	146,348
2029 – 2033	3,145,000	466,064
2034 – 2038	<u>1,430,000</u>	<u>64,650</u>
	<u>\$ 7,785,000</u>	<u>\$ 1,469,891</u>

Minimum annual principal and interest payments on financed purchase leases as of June 30, 2023 are as follows:

Year Ending June 30	Building Improvements Lease		Classroom Addition Lease		Classroom Addition Lease	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 48,430	\$ 9,257	\$ 56,671	\$ 7,483	\$ 25,786	\$ 13,656
2025	50,594	7,092	58,350	5,804	26,696	12,746
2026	52,856	4,830	60,078	4,076	27,638	11,803
2027	55,218	2,468	61,857	2,297	28,614	10,828
2028	-	-	31,612	465	29,625	9,817
2029-2033	-	-	-	-	164,570	32,638
2034-2038	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,636</u>	<u>4,969</u>
	<u>\$ 207,098</u>	<u>\$ 23,647</u>	<u>\$268,568</u>	<u>\$20,125</u>	<u>\$ 396,565</u>	<u>\$ 96,457</u>

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5. LONG-TERM LIABILITIES (Cont'd)

B. MINIMUM DEBT PAYMENTS (Cont'd)

Minimum annual principal and interest payments on the right of use leases as of June 30, 2023 are as follows:

Year Ending June 30	Athletic Space		Office Equipment	
	Principal	Interest	Principal	Interest
2024	\$ 4,762	\$ 238	\$ 9,278	\$ 3,453
2025	-	-	10,134	2,597
2026	-	-	11,069	1,662
2027	-	-	12,090	641
2028	-	-	628	22
	<u>\$ 4,762</u>	<u>\$ 238</u>	<u>\$ 43,199</u>	<u>\$ 8,375</u>

C. CHANGES IN LONG-TERM LIABILITIES

Long-term liability balances and activity for the year ended June 30, 2023 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities					
General Obligation School					
Building Bonds, Series 2015A	\$4,380,000		\$ 180,000	\$4,200,000	\$ 180,000
General Obligation Alternative Facilities Refunding Bonds, Series 2015A	3,115,000		255,000	2,860,000	285,000
General Obligation Facilities Maintenance Bonds, Series 2022A	-	\$ 725,000	-	725,000	125,000
Long-Term Lease Liabilities					
Financed Purchase Leases					
Building Improvements	253,455	-	46,357	207,098	48,430
Classroom Addition	323,609	-	55,041	268,568	56,671
Classroom Addition	421,465	-	24,900	396,565	25,786
Right of Use Leases					
Athletic Space	9,297	-	4,535	4,762	4,762
Office Equipment	1,384	51,283	9,468	43,199	9,278
Subscription Asset					
Electronic Curriculum	-	28,208	28,208	-	-
Severance Pay Payable	141,622	44,257	102,700	83,179	-
Unamortized Premiums	261,965	46,745	33,583	275,127	35,021
	<u>\$ 8,907,797</u>	<u>\$ 895,493</u>	<u>\$ 739,792</u>	<u>\$ 9,063,498</u>	<u>\$ 769,948</u>

6. OTHER POST EMPLOYMENT BENEFITS (OPEB)

The District follows Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

A. GENERAL INFORMATION ABOUT THE OPEB PLAN

1. Plan Description

The District's defined benefit OPEB plan, Independent School District No. 2890, Renville County West, Renville, Minnesota's retirees' health insurance plan (the Plan), provides OPEB for certain retired employees of the District. The Plan is a single-employer defined benefit OPEB plan administered by the District. Benefit and eligibility provisions are established through individual contracts and negotiations between the District and various unions representing District employees and are renegotiated each two-year bargaining period.

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6. OTHER POST EMPLOYMENT BENEFITS (OPEB) (Cont'd)

A. GENERAL INFORMATION ABOUT THE OPEB PLAN (Cont'd)

1. Plan Description (Cont'd)

No assets are accumulated in a trust that meets the criteria in Paragraph four of GASB Statement No. 75. OPEB benefits have historically been funded on a pay-as-you-go basis. For fiscal year 2023, the District paid benefits of \$174,913 from the General Fund.

2. Benefits Provided

The District provides health insurance benefits for certain retired employees under a single-employer fully-insured plan. Minnesota Statute 471.61 subd.2b requires that government entities allow active employees who retire from the District when eligible to receive a retirement benefit from the Teachers Retirement Association (TRA) or Public Employees Retirement Association (PERA) and do not participate in any other health benefits program providing similar coverage, continued coverage with respect to both themselves and their eligible dependent(s) under the District's health benefits program. Retiree and District responsibility as to amount of premium covered are dependent upon employee classification at retirement. Since the premium is a blended rate determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy.

3. Employees Covered by Benefit Terms

At July 1, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	12
Active employees	<u>93</u>
	<u><u>105</u></u>

B. TOTAL OPEB LIABILITY

The District's total OPEB liability of \$904,049 was measured as of July 1, 2022, and was determined by an actuarial valuation as July 1, 2021. The "entry age with level percentage of pay" actuarial cost method as prescribed by GASB Statement No. 75 was used to roll forward the total OPEB liability to the measurement date of July 1, 2022.

1. Actuarial Assumptions and Other Inputs

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

Inflation	2.50%
Salary increases	Service graded table range from 2.85% to 10.25%
Discount rate	3.80%
Healthcare cost trend rate	6.25% as of July 1, 2022 grading to 5.00% over 5 years and then to 4.00% over the next 48 years

The discount rate was based on the estimated yield of 20-Year AA-rated municipal bonds.

Mortality rates were based on recent tables developed and recommended by the Society of Actuaries.

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6. OTHER POST EMPLOYMENT BENEFITS (OPEB) (Cont'd)

B. TOTAL OPEB LIABILITY (Cont'd)

1. Actuarial Assumptions and Other Inputs (Cont'd)

The actuarial assumptions used in the July 1, 2021 valuation (July 1, 2022 measurement) were made in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board. Assumptions were based on various rationale that included a variety of published sources of historical and projected future financial data and various studies or experience studies. The retirement and withdrawal assumptions used were similar to those used to value pension liabilities for Minnesota School District employees. The rates are based on the Teacher Retirement Association of Minnesota actuarial experience study for the period July 1, 2014 through June 30, 2018. The full list of assumptions and rationale are included in the District's OPEB plan report, which may be obtained by writing or calling the District.

C. CHANGES IN THE TOTAL OPEB LIABILITY

	<u>Total OPEB Liability</u>
Balance at July 1, 2021 (reporting date June 30, 2022)	\$ <u>1,068,869</u>
Changes for the year:	
Service cost	36,888
Interest	21,328
Assumption changes	(41,840)
Benefit payments	<u>(181,196)</u>
Net changes	<u>(164,820)</u>
Balance at July 1, 2022 (reporting date June 30, 2023)	\$ <u><u>904,049</u></u>

Changes in the benefit terms since the prior measurement date:

- None.

Changes in actuarial assumptions since the prior measurement date:

- The inflation rate was changed from 2.00% to 2.50%.
- The discount rate was changed from 2.10% to 3.80%.

1. Sensitivity of the Total OPEB Liability to Changes in the Discount 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 that is one percentage point lower or one percentage point higher than the current discount rate:

	Total OPEB Liability	
1 percent decrease	Current	1 percent increase
(2.80%)	(3.80%)	(4.80%)
\$934,909	\$904,049	\$873,423

2. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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 healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	Total OPEB Liability	
1 percent decrease	Current	1 percent increase
(5.25%) decreasing to 4.00% over 5 years then 3.00%)	(6.25%) decreasing to 5.00% over 5 years then 4.00%)	(7.25%) decreasing to 6.00% over 5 years then 5.00%)
\$863,296	\$904,049	\$951,037

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6. OTHER POST EMPLOYMENT BENEFITS (OPEB) (Cont'd)

D. OPEB EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended June 30, 2023, the District recognized OPEB expense of \$16,338. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,292	\$ 261,879
Changes of assumptions or other inputs	29,356	36,869
Benefits paid subsequent to the measurement date	<u>174,913</u>	<u>-</u>
Total	<u>\$ 222,561</u>	<u>\$ 298,748</u>

\$174,913 reported as deferred outflows of resources related to OPEB resulting from District benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30	OPEB Expense Amount
2024	\$ (41,878)
2025	\$ (41,880)
2026	\$ (50,525)
2027	\$ (55,419)
2028	\$ (55,420)
Thereafter	\$ (5,978)

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7. FUND BALANCE CLASSIFICATION

At June 30, 2023, a summary of the governmental fund balance classifications is as follows:

	General Fund	Food Service Fund	Community Service Fund	Building Construction Fund	Debt Service Fund	Total
Nonspendable:						
Inventory	\$ -	\$ 2,135	\$ -	\$ -	\$ -	\$ 2,135
	<u>-</u>	<u>2,135</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,135</u>
Restricted for:						
Safe Schools – Crime	42,694	-	-	-	-	42,694
Long-Term Facilities Maintenance	(24,263)	-	-	-	-	(24,263)
Staff Development	94,074	-	-	-	-	94,074
Learning and Development	31,413	-	-	-	-	31,413
Basic Skills	93,077	-	-	-	-	93,077
Basic Skills Extended Time	39,556	-	-	-	-	39,556
Scholarships	21,098	-	-	-	-	21,098
Student Activities	69,927	-	-	-	-	69,927
Food Service	-	218,215	-	-	-	218,215
Community Education	-	-	13,887	-	-	13,887
Community Service	-	-	17,217	-	-	17,217
Early Childhood Family Education	-	-	14,200	-	-	14,200
School Readiness	-	-	(1,479)	-	-	(1,479)
Building Construction	-	-	-	302,669	-	302,669
Debt Service	-	-	-	-	140,233	140,233
	<u>367,576</u>	<u>218,215</u>	<u>43,825</u>	<u>302,669</u>	<u>140,233</u>	<u>1,072,518</u>
Assigned for:						
Library	24,292	-	-	-	-	24,292
Building Demolition	250,000	-	-	-	-	250,000
Building Remodeling	945,000	-	-	-	-	945,000
Separation/Retirement Benefits	83,179	-	-	-	-	83,179
	<u>1,302,471</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,302,471</u>
Unassigned:	<u>2,641,878</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,641,878</u>
Total Fund Balance:	<u>\$ 4,311,925</u>	<u>\$ 220,350</u>	<u>\$ 43,825</u>	<u>\$ 302,669</u>	<u>\$ 140,233</u>	<u>\$ 5,019,002</u>

8. PENSION PLANS

Substantially all employees of the District are required by State law to belong to pension plans administered by Teachers Retirement Association (TRA) or Public Employees Retirement Association (PERA), all of which are administered on a statewide basis. Disclosures relating to these plans follow:

A. TEACHERS RETIREMENT ASSOCIATION

1. Plan Description

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 is 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.

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8. PENSION PLANS (Cont'd)

A. TEACHERS RETIREMENT ASSOCIATION (Cont'd)

2. 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:	<u>Step Rate Formula</u>	<u>Percentage</u>
Basic	1 st ten years of service	2.20% per year
	All years after	2.70% per year
Coordinated	1 st ten years if service years are up to July 1, 2006	1.20% per year
	1 st ten years if service years are July 1, 2006 or after	1.40% per year
	All other years of service if service years are up to July 1, 2006	1.70% per year
	All other years of service if service years are July 1, 2006 or after	1.90% 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) 3.00% 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

Tier II: For years of service prior to July 1, 2006, a level formula of 1.70% per year for Coordinated members and 2.70% per year for Basic members is applied. For years of service July 1, 2006 and after, a level formula of 1.90% per year for Coordinated members and 2.70% 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.

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.

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8. PENSION PLANS (Cont'd)

A. TEACHERS RETIREMENT ASSOCIATION (Cont'd)

2. Benefits Provided (Cont'd)

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.

3. Contribution Rate

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ended June 30, 2021, June 30, 2022, and June 30, 2023 were:

	June 30, 2021		June 30, 2022		June 30, 2023	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic	11.00%	12.13%	11.00%	12.34%	11.00%	12.55%
Coordinated	7.50%	8.13%	7.50%	8.34%	7.50%	8.55%

The following is a reconciliation of employer contributions in TRA's fiscal year 2022 ACFR "Statement of Changes in Fiduciary Net Position" to the employer contributions used in Schedule of Employer and Non-Employer Pension Allocations.

Employer contributions reported in TRA's ACFR, Statement of Changes in Fiduciary Net Position	\$ 482,679,000
Employer contributions not related to future contribution efforts	(2,178,000)
TRA's contributions not included in allocation	<u>(572,000)</u>
Total employer contributions	479,929,000
Total non-employer contributions	<u>35,590,000</u>
Total contributions reported in <i>Schedule of Employer and Non-Employer Allocations</i>	<u>\$ 515,519,000</u>

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.

The District's contributions to the TRA plan for the year ended June 30, 2023 were \$294,607. The District's contributions were equal to the required contributions set by state statute.

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8. PENSION PLANS (Cont'd)
A. TEACHERS RETIREMENT ASSOCIATION (Cont'd)
4. Actuarial Assumptions

The total pension liability in the June 30, 2022, 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, 2022
Measurement Date	June 30, 2022
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	1.00% for January 2019 through January 2023, then increasing by 0.10% each year up to 1.50% 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 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:

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RENVILLE COUNTY WEST
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NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

8. PENSION PLANS (Cont'd)
A. TEACHERS RETIREMENT ASSOCIATION (Cont'd)
4. Actuarial Assumptions (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Geometric Mean)
Domestic Equity	33.50%	5.10%
International Equity	16.50%	5.30%
Private Markets	25.00%	5.90%
Fixed Income	<u>25.00%</u>	0.75%
Total	<u>100.00%</u>	

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 Statement No. 68.

The following changes in benefit and funding terms and actuarial assumptions occurred in 2022:

Changes in the benefit and funding terms since the prior measurement date:

- None

Changes in actuarial assumptions since the prior measurement date:

- None

5. Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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 2022 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 determination of the Single Equivalent Interest Rate (SEIR).

6. Net Pension Liability

On June 30, 2023, the District reported a liability of \$4,251,967 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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 0.0531% at the end of the measurement period and 0.0558% 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	\$ 4,251,967
State's proportionate share of the net pension liability associated with the District	<u>315,112</u>
Total	<u>\$ 4,567,079</u>

For the year ended June 30, 2023, the District recognized pension expense (revenue) of \$(980,839). This amount is inclusive of \$43,329 which is recognized as pension expense (and grant revenue) for the support provided by direct aid.

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JUNE 30, 2023**

8. PENSION PLANS (Cont'd)

A. TEACHERS RETIREMENT ASSOCIATION (Cont'd)

6. Net Pension Liability (Cont'd)

On June 30, 2023, 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	\$ 64,328	\$ 39,073
Changes in actuarial assumptions	715,780	950,636
Net difference between projected and actual investment earnings	44,788	-
Changes in proportion	37,364	121,497
Contributions paid to TRA subsequent to the measurement date	<u>294,607</u>	<u>-</u>
Total	<u>\$ 1,156,867</u>	<u>\$ 1,111,206</u>

The \$294,607 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to TRA pensions will be recognized in pension expense as follows:

Year ended June 30	Pension Expense Amount
2024	\$ (864,944)
2025	\$ 74,199
2026	\$ 10,459
2027	\$ 548,037
2028	\$ (16,697)
Thereafter	\$ -

7. Pension Liability Sensitivity

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

Sensitivity of Net Position Liability (NPL) to changes in the discount rate		
1 percent decrease (6.00%)	Current (7.00%)	1 percent increase (8.00%)
\$6,702,995	\$4,251,967	\$2,242,889

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.

8. Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in a separately-issued TRA financial report. That report can be obtained at <https://minnesotatra.org>, or by writing to TRA at 60 Empire Drive, Suite 400, St. Paul, MN, 55103-4000; or by calling 651-296-2409 or 800-657-3669.

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JUNE 30, 2023**

8. PENSION PLANS (Cont'd)

B. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

1. Plan Description

The District participates in the following 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.

General Employees Retirement Plan

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.

2. 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

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 1.20% for each of the first 10 years of service and 1.70% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.70% 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 50.00% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1.00% and a maximum of 1.50%. 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. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

3. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2023 and the District was required to contribute 7.50% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2023, were \$87,661. The District's contributions were equal to the required contributions as set by state statute.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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8. PENSION PLANS (Cont'd)

B. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Cont'd)

4. Pension Costs

General Employees Fund Pension Costs

At June 30, 2023, the District reported a liability of \$1,275,125 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 \$37,220.

The net pension liability was measured as of June 30, 2022, 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, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0161% at the end of the measurement period and 0.0184% for the beginning of the period.

District's proportionate share of net pension liability	\$	1,275,125
State's proportionate share of the net pension liability associated with the District		<u>37,220</u>
Total		<u>\$ 1,312,345</u>

For the year ended June 30, 2023, the District recognized pension expense of \$124,519 for its proportionate share of the General Employees Plan's pension expense. This amount is inclusive of \$5,562, which is recognized as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's pension expense for the annual \$16 million contribution.

At June 30, 2023, 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	\$ 10,651	\$ 15,695
Changes in actuarial assumptions	328,564	6,474
Net difference between projected and actual investment earnings	-	35,575
Changes in proportion	5,528	124,626
Contributions paid to PERA subsequent to the measurement date	<u>87,661</u>	<u>-</u>
Total	<u>\$ 432,404</u>	<u>\$ 182,370</u>

The \$87,661 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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8. PENSION PLANS (Cont'd)

B. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Cont'd)

4. Pension Costs (Cont'd)

Year ended June 30	Pension Expense Amount
2024	\$ 67,369
2025	\$ 68,078
2026	\$ (88,390)
2027	\$ 115,316
2028	\$ -
Thereafter	\$ -

5. 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 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	<u>25.00%</u>	5.90%
Total	<u>100.00%</u>	

6. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2022, 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 6.50% in the June 30, 2022 actuarial valuation and 7.00% in the June 30, 2023 actuarial valuation. 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 investment return rates deemed to be reasonable by the actuary. An investment return of 6.50% was deemed to be within that range of reasonableness for financial reporting purposes.

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.00% after 29 years of service and 6.00% per year thereafter.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The tables are adjusted slightly for 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 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2022:

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Changes in Plan Provisions:

- None

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RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

8. PENSION PLANS (Cont'd)

B. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Cont'd)

7. Discount Rate

The discount rate for the General Employees Plan used to measure the total pension liability in 2022 was 6.50%. 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.

The discount rate is 7.00% for the General Employees Plan in the June 30, 2023 actuarial valuation.

8. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability for the General Employees Fund, 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 (5.50%) or one percentage point higher (7.50%) than the current discount rate:

Sensitivity of Net Pension Liability (NPL) to changes in the discount rate		
1 percent decrease (5.50%)	Current (6.50%)	1 percent increase (7.50%)
\$2,014,127	\$1,275,125	\$669,030

Note: The discount rate for the fiscal year 2023 will change to 7.00% for the General Employees Plan

9. 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.

C. CHANGES IN THE NET PENSION LIABILITY

Changes in the net pension liability related to pension plans for the fiscal year ended June 30, 2023 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Teachers Retirement Association	\$ 2,441,975	\$ 2,202,167	\$ 392,175	\$ 4,251,967
Public Employees Retirement Association	<u>785,762</u>	<u>678,112</u>	<u>188,749</u>	<u>1,275,125</u>
Total Net Pension Liability	<u>\$ 3,227,737</u>	<u>\$ 2,880,279</u>	<u>\$ 580,924</u>	<u>\$ 5,527,092</u>

D. FINANCIAL STATEMENT PRESENTATION

Deferred Inflows/Outflows of Resources related to pension plans are presented in the June 30, 2023 basic financial statements as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Governmental Activities		
TRA	\$ 1,156,867	\$ 1,111,206
PERA	<u>432,404</u>	<u>182,370</u>
Total Governmental Activities	<u>\$ 1,589,271</u>	<u>\$ 1,293,576</u>

**INDEPENDENT SCHOOL DISTRICT NO. 2890
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RENVILLE, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

9. TRANSFERS

During 2023, the following operating transfer was made:

<u>From</u>	<u>To</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Community Service Fund	To match pool fundraiser	\$ <u><u>1,467</u></u>

10. CHANGE IN ACCOUNTING PRINCIPLE

The beginning net position of the governmental activities has been increased to reflect a change in accounting principle. The District implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, in the current year which better meets the informational needs of financial statement users by improving accounting and financial reporting for subscriptions by governments. The Statement requires recognition of certain subscription assets and liabilities for subscriptions that previously were classified as expenditures. Beginning governmental activities net position has been restated from \$2,198,506 to \$2,227,572 (an increase of \$29,066). Prior year partial comparative information does not reflect this change in accounting principle because prior years have not been recalculated under GASB Statement No. 96.

11. GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 101, *Compensated Absences* was issued to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The Statement will result in a liability for compensated absences that more appropriately reflects when the District incurs an obligation. Statement No. 101 is effective for implementation for the year ended June 30, 2025.

12. CONSTRUCTION COMMITMENTS

The District is in the process of removing asbestos from the Sacred Heart School building to be demolished. The contracted price of this project is \$424,891. As of June 30, 2023, the District had incurred \$423,740 of direct costs relating to this project which are recorded as Construction in Progress on the Statement of Net Position. The project is being paid for by the Building Construction Fund with proceeds from the General Obligation Facilities Maintenance Bonds, Series 2022A. This project will be completed and placed in service during summer of 2023.

The District is in the process of demolishing the school building in Sacred Heart. Management anticipates the total cost of the project to be approximately \$541,387. As of June 30, 2023, the District had incurred \$324,287 of direct costs relating to this project which are recorded as Construction in Progress on the Statement of Net Position. This project is being paid for by the General Fund. This project is expected to be completed and placed in service during the summer of 2023.

The District is in the process of replacing the ag shop roof. Management anticipates the total cost of the project to be approximately \$165,180. As of June 30, 2023, the District had incurred \$10,790 of direct costs relating to this project. This project is being paid for by the General Fund. This project is expected to be completed and placed in service during fall of 2023.

The District is in the process of getting an air handler system installed. Management anticipates the total cost of the project to be approximately \$232,174. As of June 30, 2023, the District had incurred \$30,213 of direct costs relating to this project which are recorded as Construction in Progress on the Statement of Net Position. The project is being paid for by the Building Construction Fund with proceeds from the General Obligation Facilities Maintenance Bonds, Series 2022A. This project is expected to be completed and placed in service during fall of 2023.

REQUIRED SUPPLEMENTARY INFORMATION

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
JUNE 30, 2023**

**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION (LAST TEN YEARS**)**

Measurement Date	<u>7/1/2022</u>	<u>7/1/2021</u>	<u>7/1/2020</u>	<u>7/1/2019</u>	<u>7/1/2018</u>	<u>7/1/2017</u>
Total OPEB Liability						
Service Cost	\$ 36,888	\$ 45,883	\$ 64,770	\$ 56,401	\$ 59,268	\$ 57,542
Interest	21,328	35,843	48,706	54,659	56,839	58,177
Assumption Changes	(41,840)	20,536	29,379	(3,018)	-	-
Plan Changes	-	1,231	21,606	-	-	-
Differences between expected and actual experience	-	(366,631)	-	54,880	-	-
Benefit Payments	<u>(181,196)</u>	<u>(229,812)</u>	<u>(216,392)</u>	<u>(199,106)</u>	<u>(155,988)</u>	<u>(157,606)</u>
Net change in total OPEB liability	(164,820)	(492,950)	(51,931)	(36,184)	(39,881)	(41,887)
Total OPEB Liability - Beginning	<u>1,068,869</u>	<u>1,561,819</u>	<u>1,613,750</u>	<u>1,649,934</u>	<u>1,689,815</u>	<u>1,731,702</u>
Total OPEB Liability - Ending (a)	\$ <u>904,049</u>	\$ <u>1,068,869</u>	\$ <u>1,561,819</u>	\$ <u>1,613,750</u>	\$ <u>1,649,934</u>	\$ <u>1,689,815</u>
Covered Employee Payroll	\$ 3,963,009	\$ 3,847,582	\$ 3,855,586	\$ 3,743,287	\$ 3,969,399	\$ 3,853,785
Total OPEB liability as a percentage of covered payroll	22.81%	27.78%	40.51%	43.11%	41.57%	43.85%

****Note:** The District implemented the provisions of GASB Statement No. 75 for the year ended June 30, 2018. The Schedules within the Required Supplementary Information section require a ten-year presentation, but do not require retroactive reporting. Information prior to 2018 is not available. Additional years will be reported as they become available.

Note: This schedule is presented using the optional format of combining the required schedules in paragraphs 170(a) and 170(b) of GASB Statement No. 75.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF DISTRICT'S SHARE OF NET PENSION LIABILITY AND DISTRICT'S
CONTRIBUTIONS FOR DEFINED BENEFIT PENSION PLANS
JUNE 30, 2023**

TEACHERS RETIREMENT ASSOCIATION

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION (LAST TEN YEARS**)**

Measurement Date	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	District's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the District	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
		(a)	(b)	(a+b)	(c)	(a+b/c)	
6/30/22	0.0531%	\$ 4,251,967	\$ 315,112	\$ 4,567,079	\$3,284,346	139.1%	76.17%
6/30/21	0.0558	2,441,975	205,932	2,647,907	3,336,745	79.4	86.63
6/30/20	0.0555	4,100,414	343,906	4,444,320	3,227,222	137.7	75.48
6/30/19	0.0550	3,505,712	310,414	3,816,126	3,124,649	122.1	78.21
6/30/18	0.0561	3,526,182	331,210	3,857,392	3,101,729	124.4	78.07
6/30/17	0.0559	11,158,654	1,078,607	12,237,261	3,008,697	406.7	51.57
6/30/16	0.0560	13,357,336	1,340,272	14,697,608	2,981,851	492.9	44.88
6/30/15	0.0554	3,427,038	420,390	3,847,428	2,891,927	133.0	76.80
6/30/14	0.0585	2,695,638	189,588	2,885,226	2,730,347	104.6	81.50

**Schedule is to be provided prospectively beginning with the employer's fiscal year ended June 30, 2015, or after.

TEACHERS RETIREMENT ASSOCIATION

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION (LAST TEN YEARS*)**

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)
6/30/23	\$ 294,607	\$ 294,607	\$ -	\$ 3,444,757	8.55%
6/30/22	274,015	274,015	-	3,284,346	8.34
6/30/21	271,243	271,243	-	3,336,745	8.13
6/30/20	255,513	255,513	-	3,227,222	7.92
6/30/19	240,814	240,814	-	3,124,649	7.71
6/30/18	232,666	232,666	-	3,101,729	7.50
6/30/17	225,460	225,460	-	3,008,697	7.50
6/30/16	218,357	218,357	-	2,981,851	7.30
6/30/15	215,393	215,393	-	2,891,927	7.40

* Option to provide RSI for ten years at transition or to provide RSI prospectively.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF DISTRICT'S SHARE OF NET PENSION LIABILITY AND DISTRICT'S
CONTRIBUTIONS FOR DEFINED BENEFIT PENSION PLANS
(CONTINUED)
JUNE 30, 2023**

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (*)
PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT FUND
REQUIRED SUPPLEMENTARY INFORMATION (LAST TEN YEARS**)**

Measurement Date	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the District (b)	District's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the District (a+b)	District's Covered Payroll (c)	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a+b/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/22	0.0161%	\$ 1,275,125	\$ 37,220	\$ 1,312,345	\$ 1,194,745	109.8%	76.7%
6/30/21	0.0184	785,762	24,044	809,806	1,324,1436	1.1	87.0
6/30/20	0.0201	1,205,087	37,304	1,242,391	1,435,516	86.5	79.1
6/30/19	0.0197	1,089,169	33,832	1,123,001	1,384,070	81.1	80.2
6/30/18	0.0197	1,092,875	35,767	1,128,642	1,321,919	85.4	79.5
6/30/17	0.0211	1,347,010	16,932	1,363,942	1,358,671	100.4	75.9
6/30/16	0.0202	1,640,140	21,459	1,661,599	1,234,545	134.6	68.9
6/30/15	0.0191	989,861	-	989,861	1,137,228	87.0	78.2
6/30/14	0.0204	958,290	-	958,920	1,098,702	87.3	78.7

* This schedule is for employers in the General Employees Plan to present their proportionate share of the State of Minnesota's contributions to the General Employees Fund on their behalf.

**Schedule is to be provided prospectively beginning with the employer's fiscal year ended June 30, 2015, or after.

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT FUND
REQUIRED SUPPLEMENTARY INFORMATION (LAST TEN YEARS*)**

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)
6/30/23	\$ 87,661	\$ 87,661	\$ -	\$ 1,171,112	7.5%
6/30/22	89,974	89,974	-	1,194,745	7.5
6/30/21	99,342	99,342	-	1,324,143	7.5
6/30/20	107,708	107,708	-	1,435,516	7.5
6/30/19	103,971	103,971	-	1,384,070	7.5
6/30/18	98,735	98,735	-	1,321,919	7.5
6/30/17	100,792	100,792	-	1,358,671	7.4
6/30/16	92,206	92,206	-	1,234,545	7.5
6/30/15	82,241	82,241	-	1,137,228	7.2

* Option to provide RSI for ten years at transition or to provide RSI prospectively.

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2023
 (with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023 Budgeted Amounts		2023 Actual	Variance	2022 Actual	Increase (Decrease) Actual
	Original	Final				
REVENUES						
Local Property Tax Levies:						
Maintenance Levy	\$ 1,658,629	\$ 1,649,961	\$ 1,630,168	\$ (19,793)	\$ 1,601,889	\$ 28,279
Other Local and County Revenues:						
County Apportionment	10,644	26,639	22,400	(4,239)	26,639	(4,239)
Other School Districts	-	19,131	19,131	-	1,724	17,407
Contributions	22,000	64,263	87,143	22,880	132,790	(45,647)
Admissions and Fees	36,850	48,655	49,767	1,112	47,665	2,102
Earnings From Investments	1,500	113,845	136,204	22,359	4,835	131,369
Rent for School Facilities	1,500	1,500	1,500	-	-	1,500
Miscellaneous Revenues	22,150	13,417	46,306	32,889	38,635	7,671
	<u>94,644</u>	<u>287,450</u>	<u>362,451</u>	<u>75,001</u>	<u>252,288</u>	<u>110,163</u>
Revenue From State Sources:						
Endowment Fund Apportionment	22,332	24,847	26,217	1,370	22,146	4,071
General Education Aid	5,199,506	5,148,394	5,199,226	50,832	5,137,879	61,347
Integration Aid	43,129	45,327	7,714	(37,613)	19,952	(12,238)
Literacy Incentive Aid	23,531	24,205	24,205	-	23,530	675
Disparity Aid	11,212	11,753	11,753	-	11,212	541
Homestead/Agricultural Levy Credits	13,931	14,326	14,326	-	9,267	5,059
Special Education	665,047	687,245	728,183	40,938	738,160	(9,977)
Other State Programs	22,757	32,151	38,481	6,330	22,745	15,736
	<u>6,001,445</u>	<u>5,988,248</u>	<u>6,050,105</u>	<u>61,857</u>	<u>5,984,891</u>	<u>65,214</u>
Revenue From Federal Sources:						
Title I	96,091	128,675	99,845	(28,830)	96,804	3,041
Migrant Education	500	-	-	-	500	(500)
Title II	18,000	19,611	14,056	(5,555)	18,277	(4,221)
Title IV	10,000	29,966	18,431	(11,535)	4,655	13,776
Federal Special Education	101,732	101,732	101,192	(540)	109,901	(8,709)
The Governor's Emergency Education Relief Fund	-	-	-	-	11,008	(11,008)
Elementary and Secondary School Emergency Relief (ESSER) Fund	717,391	717,391	591,058	(126,333)	396,948	194,110
Coronavirus State and Local Fiscal Recovery Funds	-	-	-	-	35,161	(35,161)
REAP Grant	40,000	39,232	39,232	-	40,270	(1,038)
Other Federal Programs	-	17,086	22,996	5,910	40,000	(17,004)
	<u>983,714</u>	<u>1,053,693</u>	<u>886,810</u>	<u>(166,883)</u>	<u>753,524</u>	<u>133,286</u>
Sales and Other Conversion of Assets:						
Sales of Materials	20,350	23,866	31,301	7,435	-	31,301
Resale Materials	6,200	8,773	8,781	8	28,967	(20,186)
	<u>26,550</u>	<u>32,639</u>	<u>40,082</u>	<u>7,443</u>	<u>28,967</u>	<u>11,115</u>
TOTAL REVENUES	8,764,982	9,011,991	8,969,616	(42,375)	8,621,559	348,057
EXPENDITURES						
Current:						
District and School Administration:						
Salaries and Wages	421,729	424,309	418,687	5,622	355,743	62,944
Employee Benefits	160,947	222,283	191,513	30,770	135,331	56,182
Purchased Services	23,523	23,023	18,814	4,209	43,061	(24,247)
Supplies and Materials	11,000	10,500	998	9,502	579	419
Other Expenditures	10,550	9,128	8,080	1,048	11,017	(2,937)
	<u>627,749</u>	<u>689,243</u>	<u>638,092</u>	<u>51,151</u>	<u>545,731</u>	<u>92,361</u>
District Support Services:						
Salaries and Wages	91,661	105,455	114,543	(9,088)	107,094	7,449
Employee Benefits	23,628	25,647	25,739	(92)	24,569	1,170
Purchased Services	81,100	62,724	63,474	(750)	82,353	(18,879)
Supplies and Materials	22,400	34,320	32,986	1,334	22,383	10,603
Other Expenditures	11,500	11,497	11,499	(2)	11,248	251
	<u>230,289</u>	<u>239,643</u>	<u>248,241</u>	<u>(8,598)</u>	<u>247,647</u>	<u>594</u>
Regular Instruction:						
Salaries and Wages	2,575,472	2,721,857	2,660,794	61,063	2,562,303	98,491
Employee Benefits	791,957	878,191	819,664	58,527	699,032	120,632
Purchased Services	133,230	147,349	209,958	(62,609)	187,351	22,607
Supplies and Materials	207,851	319,688	331,080	(11,392)	230,560	100,520
Other Expenditures	6,765	5,135	5,216	(81)	6,738	(1,522)
	<u>3,715,275</u>	<u>4,072,220</u>	<u>4,026,712</u>	<u>45,508</u>	<u>3,685,984</u>	<u>340,728</u>
Vocational Instruction:						
Salaries and Wages	136,307	136,307	137,482	(1,175)	79,188	58,294
Employee Benefits	36,911	30,433	30,284	149	19,367	10,917
Supplies and Materials	7,000	13,400	15,319	(1,919)	8,219	7,100
	<u>180,218</u>	<u>180,140</u>	<u>183,085</u>	<u>(2,945)</u>	<u>106,774</u>	<u>76,311</u>
Exceptional Instruction:						
Salaries and Wages	695,044	792,147	781,965	10,182	764,389	17,576
Employee Benefits	175,123	178,948	173,876	5,072	174,756	(880)
Purchased Services	252,900	200	245,636	(245,436)	247,100	(1,464)
Supplies and Materials	10,000	10,000	10,080	(80)	8,393	1,687
	<u>1,133,067</u>	<u>981,295</u>	<u>1,211,557</u>	<u>(230,262)</u>	<u>1,194,638</u>	<u>16,919</u>

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2023
 (with Comparative Actual Amounts for the Year Ended June 30, 2022)

EXPENDITURES (Cont'd)	2023 Budgeted Amounts		2023 Actual	Variance	2022 Actual	Increase (Decrease) Actual
	Original	Final				
Current (Cont'd)						
Instructional Support Services:						
Salaries and Wages	\$ 20,978	\$ 5,500	\$ 5,824	\$ (324)	\$ 38,448	\$ (32,624)
Employee Benefits	2,877	915	1,008	(93)	11,652	(10,644)
Purchased Services	77,850	102,350	89,155	13,195	68,104	21,051
Supplies and Materials	2,500	2,500	6,019	(3,519)	1,555	4,464
	<u>104,205</u>	<u>111,265</u>	<u>102,006</u>	<u>9,259</u>	<u>119,759</u>	<u>(17,753)</u>
Pupil Support Services:						
Salaries and Wages	340,567	328,512	325,262	3,250	379,199	(53,937)
Employee Benefits	65,348	61,158	57,331	3,827	69,485	(12,154)
Purchased Services	114,213	104,799	36,765	68,034	50,166	(13,401)
Supplies and Materials	78,964	88,100	80,282	7,818	73,611	6,671
Other Expenditures	-	-	2,200	(2,200)	-	2,200
	<u>599,092</u>	<u>582,569</u>	<u>501,840</u>	<u>80,729</u>	<u>572,461</u>	<u>(70,621)</u>
Site, Buildings and Equipment:						
Salaries and Wages	274,873	286,334	279,682	6,652	284,719	(5,037)
Employee Benefits	67,825	72,133	67,937	4,196	68,591	(654)
Purchased Services	312,150	842,787	688,671	154,116	287,367	401,304
Supplies and Materials	86,880	83,377	87,428	(4,051)	96,927	(9,499)
Other Expenditures	1,600	1,600	1,710	(110)	1,600	110
	<u>743,328</u>	<u>1,286,231</u>	<u>1,125,428</u>	<u>160,803</u>	<u>739,204</u>	<u>386,224</u>
Fiscal And Other Fixed Cost Programs:						
Purchased Services	60,819	79,300	79,300	-	53,625	25,675
Other Expenditures	21,000	21,000	20,000	1,000	21,000	(1,000)
	<u>81,819</u>	<u>100,300</u>	<u>99,300</u>	<u>1,000</u>	<u>74,625</u>	<u>24,675</u>
Capital Outlay:						
District Support Services	15,000	5,000	11,163	(6,163)	13,742	(2,579)
Regular Instruction	105,919	58,145	107,549	(49,404)	84,758	22,791
Vocational Instruction	36,877	20,000	14,529	5,471	4,990	9,539
Pupil Support Services	94,902	94,902	94,902	-	-	94,902
Site, Buildings and Equipment	475,846	261,912	242,937	18,975	444,265	(201,328)
	<u>728,544</u>	<u>439,959</u>	<u>471,080</u>	<u>(31,121)</u>	<u>547,755</u>	<u>(76,675)</u>
Debt Service:						
Principal	132,704	132,528	178,092	(45,564)	139,779	38,313
Interest	36,962	36,962	40,755	(3,793)	41,081	(326)
	<u>169,666</u>	<u>169,490</u>	<u>218,847</u>	<u>(49,357)</u>	<u>180,860</u>	<u>37,987</u>
TOTAL EXPENDITURES	8,313,252	8,852,355	8,826,188	26,167	8,015,438	810,750
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	451,730	159,636	143,428	(16,208)	606,121	(462,693)
OTHER FINANCING SOURCES (USES)						
Issuance of Right of Use Lease	-	-	51,283	51,283	-	51,283
Issuance of Subscription Arrangements	-	-	28,208	28,208	-	28,208
Proceeds from Sale of Equipment	-	8,476	8,649	173	-	8,649
Insurance Recovery	-	5,476	5,476	-	-	5,476
Transfer Out to Other Funds	-	-	(1,467)	(1,467)	-	(1,467)
TOTAL OTHER FINANCING SOURCES (USES)	-	13,952	92,149	78,197	-	92,149
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	451,730	173,588	235,577	61,989	606,121	(370,544)
FUND BALANCE BEGINNING OF YEAR	4,076,348	4,076,348	4,076,348	-	3,470,227	606,121
FUND BALANCE END OF YEAR	\$ 4,528,078	\$ 4,249,936	\$ 4,311,925	\$ 61,989	\$ 4,076,348	\$ 235,577
FUND BALANCE ANALYSIS						
RESTRICTED FUND BALANCE						
Safe Schools - Crime			42,694		36,179	
Long-Term Facilities Maintenance			(24,263) **		145,250	
Staff Development			94,074		100,047	
Learning and Development			31,413		8,536	
Basic Skills			93,077		-	
Basic Skills Extended Time			39,556		41,304	
Medical Assistance			-		3,857	
Scholarships			21,098		20,761	
Student Activities			69,927		84,445	
TOTAL RESTRICTED FUND BALANCE			367,576		440,379	
ASSIGNED FUND BALANCE						
Building Demolition			250,000		1,195,000	
Library			24,292		23,763	
Building Remodeling			945,000		-	
Separation/Retirement Benefits			83,179		141,622	
TOTAL ASSIGNED FUND BALANCE			1,302,471		1,360,385	
UNASSIGNED FUND BALANCE			2,641,878		2,275,584	
TOTAL FUND BALANCE			\$ 4,311,925		\$ 4,076,348	

** Required by MN Statute to record a deficit, when applicable, in order to permit statutory revenue formula calculations.

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - FOOD SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2023
 (with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023 Budgeted Amounts		2023 Actual	Variance	2022 Actual	Increase (Decrease) Actual
	Original	Final				
REVENUES						
Other Local and County Revenues:						
Earnings From Investments	\$ 75	\$ 2,608	\$ 8,184	\$ 5,576	\$ 215	\$ 7,969
Revenue From State Sources:						
Breakfast Program Aid	-	11,000	10,051	(949)	-	10,051
Special Milk Program Aid	1,000	1,200	1,253	53	1,218	35
Lunch Program Aid	6,800	10,000	12,485	2,485	9,961	2,524
Summer Food Service	5,600	5,600	51	(5,549)	5,535	(5,484)
	<u>13,400</u>	<u>27,800</u>	<u>23,840</u>	<u>(3,960)</u>	<u>16,714</u>	<u>7,126</u>
Revenue From Federal Sources:						
School Lunch Aid	600	50,342	61,553	11,211	1,286	60,267
Special Assistance	340,000	108,096	139,305	31,209	354,656	(215,351)
School Breakfast Program	78,000	40,753	48,501	7,748	88,631	(40,130)
USDA Commodities	22,000	23,000	27,909	4,909	26,690	1,219
Summer Food Program	12,250	12,250	12,764	514	20,428	(7,664)
Other Federal Programs	-	24,176	14,310	(9,866)	14,724	(414)
	<u>452,850</u>	<u>258,617</u>	<u>304,342</u>	<u>45,725</u>	<u>506,415</u>	<u>(202,073)</u>
Sales And Other Conversion Of Assets:						
Sale of Lunches and Other	<u>16,000</u>	<u>112,885</u>	<u>131,040</u>	<u>18,155</u>	<u>19,728</u>	<u>111,312</u>
TOTAL REVENUES	<u>482,325</u>	<u>401,910</u>	<u>467,406</u>	<u>65,496</u>	<u>543,072</u>	<u>(75,666)</u>
EXPENDITURES						
Current:						
Pupil Support Services:						
Salaries and Wages	5,374	5,374	5,374	-	6,157	(783)
Employee Benefits	4,308	1,608	1,484	124	4,157	(2,673)
Purchased Services	404,389	235,810	198,069	37,741	190,733	7,336
Supplies and Materials	25,100	176,813	224,757	(47,944)	202,285	22,472
Other Expenditures	40	40	40	-	40	-
	<u>439,211</u>	<u>419,645</u>	<u>429,724</u>	<u>(10,079)</u>	<u>403,372</u>	<u>26,352</u>
Capital Outlay:						
Pupil Support Services	<u>32,871</u>	<u>36,164</u>	<u>35,992</u>	<u>172</u>	<u>-</u>	<u>35,992</u>
TOTAL EXPENDITURES	<u>472,082</u>	<u>455,809</u>	<u>465,716</u>	<u>(9,907)</u>	<u>403,372</u>	<u>62,344</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>10,243</u>	<u>(53,899)</u>	<u>1,690</u>	<u>55,589</u>	<u>139,700</u>	<u>(138,010)</u>
FUND BALANCE BEGINNING OF YEAR	<u>218,660</u>	<u>218,660</u>	<u>218,660</u>	<u>-</u>	<u>78,960</u>	<u>139,700</u>
FUND BALANCE END OF YEAR	<u>\$ 228,903</u>	<u>\$ 164,761</u>	<u>\$ 220,350</u>	<u>\$ 55,589</u>	<u>\$ 218,660</u>	<u>\$ 1,690</u>
FUND BALANCE END OF YEAR NONSPENDABLE FUND BALANCE						
Inventory			\$ 2,135		\$ 2,238	
RESTRICTED FUND BALANCE						
Food Service			<u>218,215</u>		<u>216,422</u>	
FUND BALANCE END OF YEAR			<u>\$ 220,350</u>		<u>\$ 218,660</u>	

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - COMMUNITY SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2023
 (with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023 Budgeted Amounts		2023 Actual	Variance	2022 Actual	Increase (Decrease) Actual
	Original	Final				
REVENUES						
Local Property Tax Levies:						
Community Service Levy	\$ 64,648	\$ 62,172	\$ 61,532	\$ (640)	\$ 49,327	\$ 12,205
Other Local And County Revenues:						
Tuition and Fees From Patrons	54,450	57,315	56,278	(1,037)	72,176	(15,898)
Earnings from Investments	1,500	5,217	3,583	(1,634)	236	3,347
Miscellaneous Local Revenue	15,000	15,000	25,716	10,716	32,571	(6,855)
	<u>70,950</u>	<u>77,532</u>	<u>85,577</u>	<u>8,045</u>	<u>104,983</u>	<u>(19,406)</u>
Revenue From State Sources:						
Disparity Aid	900	1,116	1,116	-	912	204
Homestead Market Value	1,200	1,361	1,361	-	754	607
Preschool Screening	1,467	1,467	3,955	2,488	3,590	365
Non Public School Programs	386	235	(135)	(370)	(58)	(77)
Community Education	24,437	27,126	27,116	(10)	24,452	2,664
Early Childhood Family Education	3,953	6,597	6,597	-	3,953	2,644
	<u>32,343</u>	<u>37,902</u>	<u>40,010</u>	<u>2,108</u>	<u>33,603</u>	<u>6,407</u>
Sales And Other Conversion Of Assets:						
Resale Materials	500	900	661	(239)	(340)	1,001
TOTAL REVENUES	<u>168,441</u>	<u>178,506</u>	<u>187,780</u>	<u>9,274</u>	<u>187,573</u>	<u>207</u>
EXPENDITURES						
Current:						
Community Education And Services:						
Salaries and Wages	182,996	170,331	171,698	(1,367)	174,703	(3,005)
Employee Benefits	40,658	35,067	35,057	10	34,782	275
Purchased Services	5,900	5,900	9,102	(3,202)	9,271	(169)
Supplies and Materials	18,200	19,754	18,274	1,480	21,820	(3,546)
	<u>247,754</u>	<u>231,052</u>	<u>234,131</u>	<u>(3,079)</u>	<u>240,576</u>	<u>(6,445)</u>
Capital Outlay:						
Community Education and Services	2,000	-	-	-	-	-
TOTAL EXPENDITURES	<u>249,754</u>	<u>231,052</u>	<u>234,131</u>	<u>(3,079)</u>	<u>240,576</u>	<u>(6,445)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(81,313)</u>	<u>(52,546)</u>	<u>(46,351)</u>	<u>6,195</u>	<u>(53,003)</u>	<u>6,652</u>
OTHER FINANCING SOURCES						
Transfer In from Other Funds	-	-	1,467	1,467	-	1,467
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	<u>(81,313)</u>	<u>(52,546)</u>	<u>(44,884)</u>	<u>7,662</u>	<u>(53,003)</u>	<u>8,119</u>
FUND BALANCE BEGINNING OF YEAR	<u>88,709</u>	<u>88,709</u>	<u>88,709</u>	<u>-</u>	<u>141,712</u>	<u>(53,003)</u>
FUND BALANCE END OF YEAR	<u>\$ 7,396</u>	<u>\$ 36,163</u>	<u>\$ 43,825</u>	<u>\$ 7,662</u>	<u>\$ 88,709</u>	<u>\$ (44,884)</u>
FUND BALANCE ANALYSIS						
RESTRICTED FUND BALANCE						
Community Education			\$ 13,887		\$ 8,427	
Community Service			17,217		14,361	
Early Childhood Family Education			14,200		54,245	
School Readiness			(1,479) **		11,676	
TOTAL RESTRICTED FUND BALANCE			<u>43,825</u>		<u>88,709</u>	
TOTAL FUND BALANCE			<u>\$ 43,825</u>		<u>\$ 88,709</u>	

** Required by MN Statute to record a deficit, when applicable, in order to permit statutory revenue formula calculations.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

1. OTHER POST EMPLOYMENT BENEFITS

No assets are accumulated in a trust that meets the criteria in Paragraph four of GASB Statement No. 75.

2023 Changes

Changes in the benefit terms since the prior measurement date:

- None

Changes in actuarial assumptions since the prior measurement date:

- The inflation rate was changed from 2.00% to 2.50%.
- The discount rate was changed from 2.10% to 3.80%.

2022 Changes

Changes in the benefit terms since the prior measurement date:

- Custodians hired before 7/1/2007 who retire after age 55 with 15 years of service are now eligible to receive up to \$650 per month of District paid medical premiums until Medicare eligibility.

Changes in actuarial assumptions since the prior measurement date:

- The health care trend rates, mortality tables, non-teacher salary increase rates, and withdrawal rates were updated.
- The inflation rate was changed from 2.50% to 2.00%.
- The discount rate was changed from 2.40% to 2.10%.

2021 Changes

Changes in Benefit Terms:

- One Custodian retired with an Early Retirement Incentive benefit of \$650 per month of District paid medical contributions, payable until Medicare eligibility. The increase in liability also reflects a corresponding increase in the implicit rate medical subsidy.

Changes in Actuarial Assumptions:

- The discount rate was changed from 3.10% to 2.40%.

2020 Changes

Changes in the Benefit Terms:

- None

Changes in Actuarial Assumptions:

- The health care trend rates were changed to better anticipate short term and long term medical increases
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 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 3.40% to 3.10%.

2019 Changes

Changes in Benefit Terms:

- None

Changes in Actuarial Assumptions:

- None

2018 Changes

Changes in Benefit Terms:

- The grandfathered Principals' subsidy changed from being similar to the Teachers' subsidy to being similar to the Technology Director's Subsidy.

Changes in Actuarial Assumptions:

- The health care trend rates were changed to better anticipate short term and long term medical increases.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

1. OTHER POST EMPLOYMENT BENEFITS (Cont'd)

2018 Changes (Cont'd)

Changes in Actuarial Assumptions (Cont'd):

- The mortality table was updated from the RP-2014 White Collar Mortality Tables with MP-2014 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables adjusted to 2006 with MP-2016 Generational Improvement Scale.
- The discount rate was changed from 3.50% to 3.40%
- The percentage of future spouses eligible to receive a subsidy who are assumed to continue on one of the District's medical plans post-employment was increased from 10.00% to 100.00%.

2. DEFINED BENEFIT PENSION PLANS

The following changes were reflected in the valuations performed on behalf of the following defined benefit pension plans for the fiscal years (measurement date) ending June 30:

Teachers Retirement Association

2022 Changes

Changes in Benefit and Funding Terms:

- None

Changes in Actuarial Assumptions:

- None

2021 Changes

Changes in Benefit and Funding Terms:

- None

Changes in Actuarial Assumptions:

- The investment return assumption was changed from 7.50% to 7.00%.

2020 Changes

Changes in Benefit and Funding Terms:

- None

Changes in Actuarial Assumptions:

- Assumed termination rates were changed to more closely reflect actual experience.
- The pre-retirement mortality assumption was changed to the 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.
- Assumed form of annuity election proportions were changed to more closely reflect actual experience for female retirees.

2019 Changes

Changes in Benefit and Funding Terms:

- None

Changes in Actuarial Assumptions:

- None

2018 Changes

Changes in Benefit and Funding Terms:

The 2018 Omnibus Pension Bill contained a number of changes.

- The COLA was reduced from 2.00% each January 1 to 1.00%, effective January 1, 2019. Beginning January 1, 2024, the COLA (Cost of Living Adjustment) will increase 0.10% each year until reaching the ultimate rate of 1.50% 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.

INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

2. DEFINED BENEFIT PENSION PLANS (Cont'd)

Teachers Retirement Association (Cont'd)

2018 Changes (Cont'd)

Changes in Benefit and Funding Terms (Cont'd):

The 2018 Omnibus Pension Bill contained a number of changes. (Cont'd)

- The COLA trigger provision, which would have increased the COLA to 2.50% if the funded ratio was at least 90.00% 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 0.00% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.00% to 3.00%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.50% to 7.50%, 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 Actuarial Assumptions:

- The investment return assumption was changed from 8.50% to 7.50%.
- The price inflation assumption was lowered from 3.00% to 2.50%.
- The payroll growth assumption was lowered from 3.50% to 3.00%.
- The wage inflation assumption (above price inflation) was reduced from 0.75% to 0.35% for the next 10 years, and 0.75% thereafter.
- The total salary increase assumption was adjusted by the wage inflation change.
- The amortization date for the funding of the unfunded actuarial accrued liability (UAAL) was reset to June 30, 2048 (30 years).
- A mechanism in the law that provided the TRA Board with some authority to set contribution rates was eliminated.

2017 Changes

Changes in Benefit and Funding Terms:

- None

Changes in Actuarial Assumptions:

- The COLA was assumed to increase from 2.00% annually to 2.50% annually on July 1, 2045.
- The COLA was not assumed to increase to 2.50%, but remain at 2.00% for all future years.
- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.40% to 0.00%, the vested inactive load increased from 4.00% to 7.00% and the non-vested inactive load increased from 4.00% to 9.00%.
- The investment return assumption was changed from 8.00% to 7.50%.
- The price inflation assumption was lowered from 2.75% to 2.50%.
- The payroll growth assumption was lowered from 3.50% to 3.00%.
- The general wage growth assumption was lowered from 3.50% 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.

2016 Changes

Changes in Benefit and Funding Terms:

- None

Changes in Actuarial Assumptions:

- The COLA was not assumed to increase (it remained at 2.00% for all future years).
- The price inflation assumption was lowered from 3.00% to 2.75%
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.50%.
- Minor changes at some durations for the merit scale of the salary increase assumption.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

2. DEFINED BENEFIT PENSION PLANS (Cont'd)

Teachers Retirement Association (Cont'd)

2016 Changes (Cont'd)

Changes in Actuarial Assumptions (Cont'd):

- 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.
- 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 forms of payment at retirement were made.

2015 Changes

Changes in Benefit and Funding Terms:

- The Duluth Teachers Retirement Fund Association was merged into TRA on June 30, 2015. This also resulted in a state-provided contribution stream of \$14.377 million until the system becomes fully funded.

Changes in Actuarial Assumptions:

- The cost of living adjustment was assumed to increase from 2.00% annually to 2.50% annually on July 1, 2037.

Public Employees Retirement Association

General Employees Fund

2022 Changes

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Changes in Plan Provisions:

- None

2021 Changes

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions:

- None

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 two through five and slightly higher thereafter.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

2. DEFINED BENEFIT PENSION PLANS (Cont'd)

Public Employees Retirement Association (Cont'd)

General Employees Fund (Cont'd)

2020 Changes (Cont'd)

Changes in Actuarial Assumptions (Cont'd):

- 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 100.00% Joint & Survivor option changed from 35.00% to 45.00%. The assumed number of married female new retirees electing 100.00% Joint & Survivor option changed from 15.00% to 30.00%. 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 2.00% for the period July 1, 2020 through December 31, 2023 and 0.00% 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 million to \$21 million per year. The State's special funding contribution was changed prospectively, requiring \$16 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% per year through 2044 and 2.50% per year thereafter to 1.25% 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% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Annual increases change from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, 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.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

2. DEFINED BENEFIT PENSION PLANS (Cont'd)

Public Employees Retirement Association (Cont'd)

General Employees Fund (Cont'd)

2017 Changes

Changes in Actuarial Assumptions:

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

Change in Plan Provisions:

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

2016 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- None

2015 Changes

Changes in Actuarial Assumptions:

- The assumed annual increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2035 and 2.50% 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 increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6 million, which meets the special funding situation definition, was due September 2015.

3. BUDGETS, STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets presented for comparison to actual amounts are presented in accordance with U.S. generally accepted accounting principles. Reported budget amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level.

Procedurally, in establishing the budgetary data reflected in these financial statements, the Superintendent submits to the School Board prior to July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means to finance them. The budget is legally enacted by School Board action. Revisions to budgeted amounts must be approved by the School Board.

Total fund expenditures in excess of the budget require approval of the School Board. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at line item levels.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 JUNE 30, 2023**

3. BUDGETS, STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Cont'd)

A. DEFICIT SPENDING

The fiscal year 2023 budget approved by the School Board projected deficit spending in the following funds:

<u>Fund</u>	
Food Service Fund	\$ 53,899
Community Service Fund	\$ 52,546

B. EXPENDITURES EXCEEDING APPROPRIATIONS

For the year ended June 30, 2023, the District had the following funds with expenditures exceeding the latest amended budget:

<u>Fund</u>	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Food Service Fund	\$ 455,809	\$ 465,716	\$ 9,907
Community Service Fund	\$ 231,052	\$ 234,131	\$ 3,079

Budget revisions were last approved in March of 2023. These excesses were realized since that time and are approved by the School Board upon acceptance of this report.

OTHER SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - BUILDING CONSTRUCTION FUND
 FOR THE YEAR ENDED JUNE 30, 2023
 (with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023 Budgeted Amounts		2023 Actual	Variance	2022 Actual	Increase (Decrease) Actual
	Original	Final				
REVENUES						
Other Local And County Revenues:						
Earnings From Investments	\$ -	\$ 10,000	\$ 21,145	\$ 11,145	\$ -	\$ 21,145
EXPENDITURES						
Current:						
Site, Buildings and Equipment:						
Purchased Services	-	587,666	-	587,666	-	-
Capital Outlay:						
Site, Building and Equipment	-	-	454,567	(454,567)	-	454,567
Debt Service:						
Other Debt Service Expenditures	-	-	35,654	(35,654)	-	35,654
TOTAL EXPENDITURES	-	587,666	490,221	97,445	-	490,221
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(577,666)	(469,076)	108,590	-	(469,076)
OTHER FINANCING SOURCES						
Issuance of Bonds	-	725,000	725,000	-	-	725,000
Premium on Issuance of Bonds	-	39,729	46,745	7,016	-	46,745
TOTAL OTHER FINANCING SOURCES	-	764,729	771,745	7,016	-	771,745
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	-	187,063	302,669	115,606	-	302,669
FUND BALANCE BEGINNING OF YEAR	-	-	-	-	-	-
FUND BALANCE END OF YEAR	\$ -	\$ 187,063	\$ 302,669	\$ 115,606	\$ -	\$ 302,669
FUND BALANCE ANALYSIS						
RESTRICTED FUND BALANCE						
Building Construction			\$ 302,669		\$ -	

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2023
 (with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023 Budgeted Amounts		2023 Actual	Variance	2022 Actual	Increase (Decrease) Actual
	Original	Final				
REVENUES						
Local Property Tax Levies:						
Maintenance Levy	\$ 645,075	\$ 330,102	\$ 327,314	\$ (2,788)	\$ 366,143	\$ (38,829)
Other Local And County Revenues:						
Earnings from Investments	100	9,129	6,628	(2,501)	1,106	5,522
	<u>100</u>	<u>9,129</u>	<u>6,628</u>	<u>(2,501)</u>	<u>1,106</u>	<u>5,522</u>
Revenue From State Sources:						
School Bond Agricultural Credit	-	290,256	290,256	-	277,480	12,776
Disparity Aid	-	11,139	11,139	-	11,885	(746)
Homestead Market Value	-	13,578	13,578	-	9,824	3,754
	<u>-</u>	<u>314,973</u>	<u>314,973</u>	<u>-</u>	<u>299,189</u>	<u>15,784</u>
TOTAL REVENUES	<u>645,175</u>	<u>654,204</u>	<u>648,915</u>	<u>(5,289)</u>	<u>666,438</u>	<u>(17,523)</u>
EXPENDITURES						
Debt Service:						
Principal	470,000	435,000	435,000	-	460,000	(25,000)
Interest	213,298	224,063	224,063	-	222,498	1,565
Other Debt Service Expenditures	-	-	-	-	80,792	(80,792)
TOTAL EXPENDITURES	<u>683,298</u>	<u>659,063</u>	<u>659,063</u>	<u>-</u>	<u>763,290</u>	<u>(104,227)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(38,123)	(4,859)	(10,148)	(5,289)	(96,852)	86,704
OTHER FINANCING SOURCES (USES)						
Payment for Bond Redemption	-	-	-	-	(3,275,000)	3,275,000
Issuance of Bonds	-	-	-	-	3,115,000	(3,115,000)
Premium on Issuance of Bonds	-	-	-	-	240,971	(240,971)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,971</u>	<u>(80,971)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	(38,123)	(4,859)	(10,148)	(5,289)	(15,881)	5,733
FUND BALANCE BEGINNING OF YEAR	<u>150,381</u>	<u>150,381</u>	<u>150,381</u>	<u>-</u>	<u>166,262</u>	<u>(15,881)</u>
FUND BALANCE END OF YEAR	<u>\$ 112,258</u>	<u>\$ 145,522</u>	<u>\$ 140,233</u>	<u>\$ (5,289)</u>	<u>\$ 150,381</u>	<u>\$ (10,148)</u>
FUND BALANCE ANALYSIS						
RESTRICTED FUND BALANCE						
Debt Service			<u>\$ 140,233</u>		<u>\$ 150,381</u>	

INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND - HISTORICAL ANALYSIS

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
REVENUES					
Local Property Tax Levies	\$ 1,520,317	\$ 1,769,081	\$ 1,855,422	\$ 1,601,889	\$ 1,630,168
Other Local and County Revenues	229,507	211,126	150,136	252,288	362,451
Revenue From State Sources	6,021,470	5,933,807	5,946,499	5,984,891	6,050,105
Revenue From Federal Sources	252,441	259,828	453,170	753,524	886,810
Sales and Other Conversion of Assets	949	35,573	24,887	28,967	40,082
Proceeds from Sale of Equipment	129	632	6,629	-	8,649
Insurance Recovery	-	-	-	-	5,476
Right of Use Lease/Subscription Arrangements	-	-	-	-	79,491
Transfers In/Prior Period Restatement	-	106,044	-	-	-
TOTAL REVENUES	<u>8,024,813</u>	<u>8,316,091</u>	<u>8,436,743</u>	<u>8,621,559</u>	<u>9,063,232</u>
EXPENDITURES - PROGRAMS					
District and School Administration	601,181	464,870	520,658	545,731	638,092
District Support Services	370,495	325,945	289,518	261,389	259,404
Regular Instruction	3,744,239	3,860,556	3,819,200	3,770,742	4,134,261
Vocational Instruction	108,180	109,002	114,295	111,764	197,614
Exceptional Instruction	1,173,601	1,268,727	1,184,229	1,194,638	1,211,557
Instructional Support Services	86,390	131,635	270,696	119,759	102,006
Pupil Support Services	580,940	573,478	557,754	572,461	596,742
Site, Buildings, and Equipment	953,467	2,382,242	788,822	1,183,469	1,368,365
Fiscal and Other Fixed Cost Programs	160,292	178,287	217,264	255,485	318,147
Transfers Out	10,000	-	10,000	-	1,467
TOTAL EXPENDITURES	<u>7,788,785</u>	<u>9,294,742</u>	<u>7,772,436</u>	<u>8,015,438</u>	<u>8,827,655</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	236,028	(978,651)	664,307	606,121	235,577
FUND BALANCE BEGINNING OF YEAR	<u>3,548,543</u>	<u>3,784,571</u>	<u>2,805,920</u>	<u>3,470,227</u>	<u>4,076,348</u>
FUND BALANCE END OF YEAR	<u>\$ 3,784,571</u>	<u>\$ 2,805,920</u>	<u>\$ 3,470,227</u>	<u>\$ 4,076,348</u>	<u>\$ 4,311,925</u>
ADJUSTED CASH BALANCES	<u>\$ 3,753,849</u>	<u>\$ 3,337,258</u>	<u>\$ 3,623,195</u>	<u>\$ 4,075,376</u>	<u>\$ 4,639,477</u>
EXPENDITURES - OBJECT					
Salaries and Wages	\$ 4,571,552	\$ 4,699,012	\$ 4,715,318	\$ 4,571,083	\$ 4,724,239
Employee Benefits	1,287,781	1,208,452	1,248,531	1,202,783	1,367,352
Purchased Services	845,047	917,790	952,083	1,019,127	1,431,773
Supplies and Materials	285,801	291,922	457,852	442,227	564,192
Other Expenditures/Transfers	34,459	52,206	71,355	51,603	50,172
Capital Expenditures	642,304	2,003,519	185,735	547,755	471,080
Debt Service Expenditures	121,841	121,841	141,562	180,860	218,847
TOTAL EXPENDITURES	<u>\$ 7,788,785</u>	<u>\$ 9,294,742</u>	<u>\$ 7,772,436</u>	<u>\$ 8,015,438</u>	<u>\$ 8,827,655</u>

SINGLE AUDIT AND OTHER REQUIRED REPORTS

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

A. SUMMARY OF AUDIT RESULTS

FINANCIAL STATEMENTS

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified**

Internal Control Over Financial Reporting:

Material weakness(es) identified? Yes No
 Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

FEDERAL AWARDS

Internal Control Over Major Federal Programs:

Material weakness(es) identified? Yes No
 Significant deficiency(ies) identified? Yes None reported

Type of auditor's report issued on compliance for major federal programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major federal programs:

Assistance Listing Number(s)

Name of Federal Program or Cluster

84.425U

COVID-19 Education Stabilization Fund
 COVID-19 American Rescue Plan - Elementary and
 Secondary School Emergency Relief (ARP ESSER) Fund

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as a low-risk auditee? Yes No

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT
INTERNAL CONTROL OVER FINANCIAL REPORTING
ITEM ARISING IN CURRENT YEAR**

2023-001 Lack of Adequate Approval of Invoices

Condition: Of the 25 disbursements sampled, one lacked proper approval of the purchase order/invoice. The policies in place were not followed as it relates to approval of the disbursement.

Effect: This could affect the District's ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements.

Cause: The District also allowed the disbursement to be issued without documentation of proper approval on the supporting documentation.

Criteria: In order to ensure full accountability and propriety, all disbursements issued by the District should have proper authorization.

Recommendation: We recommend that all purchase orders/invoices have proper authorization before the checks are issued.

Views of Responsible Officials and Planned Corrective Actions: The District agrees with the finding and the auditor's recommendation will be adopted.

PREVIOUSLY REPORTED ITEM NOT RESOLVED

2023-002 Audit Adjustments

Condition: During our audit, we proposed audit adjustments that resulted in a significant change to the District's financial statements. These audit adjustments were related to adjustments for severance, OPEB, pensions, SBITA's, deferred revenue, and reclassifications. This finding was reported in the previous year as number 2022-003 relating to similar adjustments.

Effect: A control deficiency 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 misstatements of the financial statements on a timely basis. One control deficiency that typically is considered significant is identification by the auditor of a misstatement in the financial statement not initially identified by the entity's internal controls. This could affect the District's ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements.

Cause: The Service Cooperative prepared a majority of the year end entries, however all accounts were not reviewed for accuracy, requiring the auditors to propose significant journal entries for severance, OPEB, pensions, deferred revenue, and reclassifications.

Criteria: The District's accounting staff should analyze activity throughout the year and at year end to ensure that it is properly classified.

Recommendation: We recommend that the District's accounting staff continue to work towards its goal of preparing all required year end adjustments. If the District determines that this plan is not attainable, the plan should be amended to reflect the attainable goal.

Views of Responsible Officials and Planned Corrective Actions: The District agrees with the finding and the auditor's recommendations will be adopted.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (Cont'd)

LEGAL COMPLIANCE

ITEM ARISING IN CURRENT YEAR

2023-003 Lack of Adequate Collateral Coverage

Condition: The District did not have adequate collateral coverage for the District's deposits in October 2022. The District did have adequate collateral coverage at the end of the year.

Effect: The District was at risk of economic loss for deposit amounts in excess of the collateral coverage and was in violation of Minnesota Statute §118A.03 subd. 3..

Cause: The level of deposits was not sufficiently monitored to ensure that adequate collateral coverage was in place.

Criteria: Minnesota Statute §118A.03 subd. 3 requires that all deposits be backed by pledged collateral in the amount of 110% of the excess over the FDIC insurance limit.

Recommendation: We recommend that the District's Finance Coordinator more closely monitor the deposit levels and the level of pledged collateral to ensure compliance with Minnesota Statutes and to minimize the risk of economic loss.

Views of Responsible Officials and Planned Corrective Actions: The District agrees with the finding and the auditor's recommendations will be adopted.

C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAM AUDIT

COVID-19 Education Stabilization Fund
COVID-19 American Rescue Plan - Elementary and
Secondary School Emergency Relief (ARP ESSER) Fund Assistance Listing No. 84.425U

None



Future Ready, Jaguar Proud.

Renville County West ISD #2890

Doug Froke, Superintendent
Kristen Egge, Elementary Principal
Peyton Mills, High School Principal

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2023**

2023-001 Lack of Adequate Approval of Invoices

Auditor Recommendation

We recommend that all purchase orders/invoices have proper authorization before the checks are issued.

Corrective Action Plan (CAP)

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Action Planned in Response to Finding
Krista Schrupp (Finance Coordinator) will verify all purchase orders/invoices have proper approval prior to issuing a check or ACH.
3. Official Responsible for Insuring CAP
Doug Froke (Superintendent) is the official responsible for insuring corrective action of the deficiency.
4. Planned Completion Date for CAP
This plan will be implemented during the 2023-2024 fiscal year.
5. Plan to Monitor Completion of CAP
Doug Froke will be monitoring this corrective action plan.

2023-002 Audit Adjustments

Auditor Recommendation

We recommend that the District's accounting staff continue to work towards its goal of preparing all required year end adjustments. If the District determines that this plan is not attainable, the plan should be amended to reflect the attainable goal.

Corrective Action Plan (CAP)

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.



Future Ready, Jaguar Proud.

Renville County West ISD #2890

Doug Froke, Superintendent
Kristen Egge, Elementary Principal
Peyton Mills, High School Principal

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
CORRECTIVE ACTION PLAN
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023**

2023-002 Audit Adjustments (Cont'd)

Corrective Action Plan (CAP) (Cont'd)

2. Action Planned in Response to Finding
Krista Schrupp (Finance Coordinator) will review accounts and transactions for propriety. The District will continue to contract with SW/WC Service Cooperative.
3. Official Responsible for Insuring CAP
Doug Froke (Superintendent) is the official responsible for insuring corrective action of the deficiency.
4. Planned Completion Date for CAP
This plan has been and will continue to be implemented during the 2023-2024 fiscal year.
5. Plan to Monitor Completion of CAP
Doug Froke will be monitoring this corrective action plan.

2023-003 Lack of Adequate Collateral Coverage

Auditor Recommendation

We recommend that the District's Finance Coordinator more closely monitor the deposit levels and the level of pledged collateral to ensure compliance with Minnesota Statutes and to minimize the risk of economic loss.

Corrective Action Plan (CAP)

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Action Planned in Response to Finding
Krista Schrupp (Finance Coordinator) will more closely monitor the deposit levels and the level of pledged collateral to ensure compliance with Minnesota Statutes and to minimize the risk of economic loss.



Future Ready, Jaguar Proud.

Renville County West ISD #2890

Doug Froke, Superintendent
Kristen Egge, Elementary Principal
Peyton Mills, High School Principal

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
CORRECTIVE ACTION PLAN
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023**

**2023-003 Lack of Adequate Collateral Coverage (Cont'd)
Corrective Action Plan (CAP) (Cont'd)**

3. Official Responsible for Insuring CAP
Doug Froke (Superintendent) and the School Board are responsible for insuring corrective action of the deficiency.
4. Planned Completion Date for CAP
This plan will be implemented during the 2023-2024 fiscal year.
5. Plan to Monitor Completion of CAP
Doug Froke and the School Board will be monitoring this corrective action plan.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2023**

FINDINGS RELATIVE TO FINANCIAL STATEMENT AUDIT

INTERNAL CONTROL

2022-001 Employment Agreements

Condition: This finding was a significant deficiency stating that the auditor noted one employee out of 11 sampled that had an employment agreement that was not signed by the employee.

Recommendation: We recommended that the District implement a review process for all contracts and employment agreements to ensure accuracy and completeness.

Current Status: The District implemented this recommendation and the finding is resolved.

2022-002 Lack of Adequate Approval of Disbursements

Condition: This finding was a significant deficiency stating that during walk-through procedures an ACH transaction was not approved in the minutes and in review of the minutes there were five checks that were listed as approved in the minutes but not included on the check listing given to the board for approval.

Recommendation: We recommended that the District include all checks and ACH payments in the listing that is given to the School Board for approval and ensure that all are approved by the School Board and the minutes are complete.

Current Status: The District implemented this recommendation and the finding is resolved in connection with approval in the minutes by the School Board.

2022-003 Audit Adjustments

Condition: This finding was a material weakness stating that audit adjustments were required that resulted in a significant change to the District's financial statements. This audit adjustment related to adjustments for severance, OPEB, pensions, deferred revenue and reclassifications.

Recommendation: We recommended that the District's accounting staff continue to work towards its goal of preparing all required year-end adjustments.

Current Status: The District attempted to implement this recommendation in the fiscal year 2023; however, there were material adjust adjustments again suggested for the 2023 audit. The area of these adjustments were similar to the prior year finding.

LEGAL COMPLIANCE

2022-004 Closed Meeting Subject not Disclosed

Condition: This finding was a Minnesota legal compliance finding stating that the School Board held a closed meeting but did not describe the subject to be discussed in the minutes.

Recommendation: We recommended that the School Board disclose the matter being discussed in closed meetings in its official minutes in order to comply with this statute.

Current Status: This finding has been resolved. The District noted the subject of any closed meetings in the School Board minutes.

FINDINGS RELATIVE TO FEDERAL AWARD PROGRAMS

None

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF THE BASIC FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Members of the School Board
Independent School District No. 2890
Renville County West
Renville, Minnesota

We have audited, in accordance with the 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, the basic financial statements of the governmental activities and each major fund of Independent School District No. 2890, Renville County West, Renville, Minnesota, as of and for the year ended June 30, 2023, and the related notes to the basic financial statements, which collectively comprise Independent School District No. 2890, Renville County West, Renville, Minnesota’s basic financial statements and have issued our report thereon dated November 8, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered Independent School District No. 2890, Renville County West, Renville, Minnesota’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 basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of Independent School District No. 2890, Renville County West, Renville, Minnesota’s internal control. Accordingly, we do not express an opinion on the effectiveness of Independent School District No. 2890, Renville County West, Renville, Minnesota’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 basic financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Independent School District No. 2890, Renville County West, Renville, Minnesota's basic 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 basic 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*.

Minnesota Legal Compliance

In connection with our audit, we noted that Independent School District No. 2890, Renville County West, Renville, Minnesota failed to comply with the provisions of the depositories of public funds and public investments section 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 as described in the accompanying schedule of findings and questioned costs as item 2023-003. Also, in connection with our audit, nothing came to our attention that caused us to believe that Independent School District No. 2890, Renville County West, Renville, Minnesota failed to comply with the provisions of contracting – bid laws, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, 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.

Independent School District No. 2890, Renville County West, Renville, Minnesota's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Independent School District No. 2890, Renville County West, Renville, Minnesota's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs corrective action plan. Independent School District No. 2890, Renville County West, Renville, Minnesota's response was not subjected to the other auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on the response.

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.

Hoffman & Brobst, PLLP

Hoffman & Brobst, PLLP
Certified Public Accountants
Marshall, Minnesota

November 8, 2023

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR THE MAJOR
PROGRAM; REPORT ON INTERNAL CONTROL OVER
COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Members of the School Board
Independent School District No. 2890
Renville County West
Renville, Minnesota

Report on Compliance for The Major Federal Program

Opinion on The Major Federal Program

We have audited Independent School District No. 2890, Renville County West, Renville, Minnesota’s 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 Independent School District No. 2890, Renville County West, Renville, Minnesota's major federal program for the year ended June 30, 2023. Independent School District No. 2890, Renville County West, Renville, Minnesota's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Independent School District No. 2890, Renville County West, Renville, Minnesota complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on The Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Independent School District No. 2890, Renville County West, Renville, Minnesota 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 the major federal program. Our audit does not provide a legal determination of Independent School District No. 2890, Renville County West, Renville, Minnesota’s compliance with the compliance requirements referred to above.

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 Independent School District No. 2890, Renville County West, Renville, Minnesota’s federal program.

Auditor's Responsibility 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 Independent School District No. 2890, Renville County West, Renville, Minnesota'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 generally accepted auditing standards, *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 Independent School District No. 2890, Renville County West, Renville, Minnesota's compliance with the requirements of its major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Independent School District No. 2890, Renville County West, Renville, Minnesota'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 Independent School District No. 2890, Renville County West, Renville, Minnesota'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 Independent School District No. 2890, Renville County West, Renville, Minnesota'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 a material weakness, 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the basic financial statements of the governmental activities and each major fund of Independent School District No. 2890, Renville County West, Renville, Minnesota as of and for the year ended June 30, 2023, and the related notes to the basic financial statements, which collectively comprise Independent School District No. 2890, Renville County West, Renville, Minnesota's basic financial statements. We issued our report thereon dated November 8, 2023, which contained unmodified opinions on those basic financial statements. Our audit was performed for the purpose of forming opinions on the basic financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Hoffman & Brobst, PLLP

Hoffman & Brobst, PLLP
Certified Public Accountants
Marshall, Minnesota

November 8, 2023

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	Assistance Listing	Federal Expenditures
U.S. Department of Education		
Received Directly from the Federal Government		
Small, Rural School Achievement Program	84.358A	\$ <u>39,232</u>
Total Received Directly from the Federal Government		<u>39,232</u>
Passed Through Minnesota Department of Education		
Special Education Cluster		
Grants to States (IDEA, Part B)	84.027	84,039
COVID-19 American Rescue Plan (ARP) (IDEA, Part B)	84.027X	8,579
Preschool Grants (IDEA Preschool)	84.173	<u>6,081</u>
Total Special Education Cluster		<u>98,699</u>
Special Education - Grants for Infants and Families	84.181	2,493
Title I, Part A	84.010	99,845
Title II, Part A	84.367	14,056
Title IV	84.424	18,431
COVID-19 Education Stabilization Fund		
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	<u>591,058</u>
Total COVID-19 Education Stabilization Fund		<u>591,058</u>
Total U.S. Department of Education		<u>863,814</u>
U.S. Department of the Treasury		
Passed Through Minnesota Department of Education		
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	<u>17,086</u>
Total U.S. Department of the Treasury		<u>17,086</u>
U.S. Department of Homeland Security		
Passed Through Minnesota Department of Education		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	<u>5,910</u>
Total U.S. Department of Homeland Security		<u>5,910</u>
U.S. Department of Agriculture		
Passed Through Minnesota Department of Education		
Child Nutrition Cluster		
National School Lunch Program		
Regular	10.555	61,553
Free/Reduced	10.555	139,305
COVID-19 Supply Chain Assistance	10.555	14,310
Commodities	10.555	<u>27,909</u>
Total National School Lunch Program		<u>243,077</u>
School Breakfast Program	10.553	48,501
Summer Food Service Program for Children	10.559	<u>12,764</u>
Total Child Nutrition Cluster		<u>304,342</u>
Total U.S. Department of Agriculture		<u>304,342</u>
TOTAL FEDERAL EXPENDITURES		\$ <u>1,191,152</u>

NONCASH ASSISTANCE

Noncash assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2023, the District had food commodities totaling \$-0- in inventory.

PASS-THROUGH ENTITY IDENTIFYING NUMBER

The pass-through entity identifying number is unknown.

LOAN PROGRAMS AND LOAN GUARANTEE PROGRAMS

Independent School District No. 2890, Renville County West, Renville, Minnesota, did not provide loan programs or loan guarantee programs, accordingly, there are no year-end loan balances.

SUBRECIPIENTS

Independent School District No. 2890, Renville County West, Renville, Minnesota, did not provide federal awards to subrecipients.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE A – REPORTING ENTITY

The schedule of expenditures of federal awards presents the activities of federal award programs expended by Independent School District No. 2890, Renville County West, Renville, Minnesota. The District's reporting entity is defined in Note 1 to the basic financial statements.

NOTE B – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Independent School District No. 2890, Renville County West, Renville, Minnesota, under programs of the federal government for the year ended June 30, 2023. The information in this schedule 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, changes in net assets, or cash flows of Independent School District No. 2890, Renville County West, Renville, Minnesota.

NOTE C – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. 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. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE D – DE MINIMIS INDIRECT COST RATE

Independent School District No. 2890, Renville County West, Renville, Minnesota, has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE E – LOAN PROGRAMS AND LOAN GUARANTEE PROGRAMS

Independent School District No. 2890, Renville County West, Renville, Minnesota, did not provide loan programs or loan guarantee programs, accordingly, there are no year-end loan balances.

NOTE F – DONATED FEDERALLY FUNDED PERSONAL PROTECTIVE EQUIPMENT

Independent School District No. 2890, Renville County West, Renville, Minnesota, did not receive any donated federally funded personal protective equipment.

MANAGEMENT LETTER

Members of the School Board
Independent School District No. 2890
Renville County West
Renville, Minnesota

In planning and performing our audit of the basic financial statements of the governmental activities and each major fund of Independent School District No. 2890, Renville County West, Renville, Minnesota, for the year ended June 30, 2023, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on internal control.

However, during our audit we became aware of the following opportunities for strengthening internal controls and operating efficiency. We previously reported on the District's internal control and any related significant deficiencies and material weaknesses in our report dated November 8, 2023. This letter does not affect our report dated November 8, 2023, on the basic financial statements of Independent School District No. 2890, Renville County West, Renville, Minnesota.

- Due to the limited number of office personnel within Independent School District No. 2890, Renville County West, Renville, Minnesota, segregation of the accounting functions necessary to ensure adequate internal accounting control is not always possible. The District has responded to this deficiency by implementing various oversight controls by the School Board and Management. These oversight controls help to mitigate the risk to the organization created by the lack of segregation of duties within the accounting function. However, the risks that are created by the lack of segregation of duties can never be completely eliminated. The School Board and Management should continue to be diligent in their review of financial transactions, and document these procedures by initialing invoices, and approving expenditure reports.
- Board members should abstain from any vote in which they have an interest in and it should be noted in the minutes. During our review of the minutes, we noted that a board member who is also a substitute teacher motioned to change substitute teacher pay. The other two board members that are approved substitute teachers were not noted as abstaining in the minutes.

If you have any questions regarding these items, please contact us.

Hoffman & Brobst, PLLP

Hoffman & Brobst, PLLP
Certified Public Accountants
Marshall, Minnesota

November 8, 2023

Fiscal Compliance Report - 6/30/2023

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District: RENVILLE COUNTY WEST (2890-1) [Back](#) [Print](#)

	Audit	UFARS	Audit - UFARS
01 GENERAL FUND			
Total Revenue	\$8,969,616	<u>\$8,969,620</u>	(\$4)
Total Expenditures	\$8,826,188	<u>\$8,826,191</u>	(\$3)
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>			
4.01 Student Activities	\$69,927	<u>\$69,927</u>	<u>\$0</u>
4.02 Scholarships	\$21,098	<u>\$21,098</u>	<u>\$0</u>
4.03 Staff Development	\$94,074	<u>\$94,074</u>	<u>\$0</u>
4.07 Capital Projects Levy	\$0	<u>\$0</u>	<u>\$0</u>
4.08 Cooperative Revenue	\$0	<u>\$0</u>	<u>\$0</u>
4.13 Funded by COP/FP	\$0	<u>\$0</u>	<u>\$0</u>
4.14 Operating Debt	\$0	<u>\$0</u>	<u>\$0</u>
4.16 Levy Reduction	\$0	<u>\$0</u>	<u>\$0</u>
4.17 Taconite Building Maint	\$0	<u>\$0</u>	<u>\$0</u>
4.24 Operating Capital	\$0	<u>\$0</u>	<u>\$0</u>
4.26 \$25 Taconite	\$0	<u>\$0</u>	<u>\$0</u>
4.27 Disabled Accessibility	\$0	<u>\$0</u>	<u>\$0</u>
4.28 Learning & Development	\$31,413	<u>\$31,414</u>	(\$1)
4.34 Area Learning Center	\$0	<u>\$0</u>	<u>\$0</u>
4.35 Contracted Alt. Programs	\$0	<u>\$0</u>	<u>\$0</u>
4.36 State Approved Alt. Program	\$0	<u>\$0</u>	<u>\$0</u>
4.38 Gifted & Talented	\$0	<u>\$0</u>	<u>\$0</u>
4.40 Teacher Development and Evaluation	\$0	<u>\$0</u>	<u>\$0</u>
4.41 Basic Skills Programs	\$93,077	<u>\$93,077</u>	<u>\$0</u>
4.48 Achievement and Integration	\$0	<u>\$0</u>	<u>\$0</u>
4.49 Safe Schools Levy	\$42,694	<u>\$42,694</u>	<u>\$0</u>
4.51 QZAB Payments	\$0	<u>\$0</u>	<u>\$0</u>
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	<u>\$0</u>
4.53 Unfunded Sev & Retirement Levy	\$0	<u>\$0</u>	<u>\$0</u>
4.59 Basic Skills Extended Time	\$39,556	<u>\$39,556</u>	<u>\$0</u>
4.67 LTFM	(\$24,263)	<u>(\$24,263)</u>	<u>\$0</u>
4.72 Medical Assistance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.75 Title VII Impact Aid	\$0	<u>\$0</u>	<u>\$0</u>
4.76 Payments in Lieu of Taxes	\$0	<u>\$0</u>	<u>\$0</u>
<i>Committed:</i>			
4.18 Committed for Separation	\$0	<u>\$0</u>	<u>\$0</u>
4.61 Committed Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Assigned:</i>			
4.62 Assigned Fund Balance	\$1,302,471	<u>\$1,302,471</u>	<u>\$0</u>
<i>Unassigned:</i>			
4.22 Unassigned Fund Balance	\$2,641,878	<u>\$2,641,879</u>	(\$1)

02 FOOD SERVICES

Total Revenue	\$467,406	<u>\$467,409</u>	(\$3)
Total Expenditures	\$465,716	<u>\$465,719</u>	(\$3)
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$2,135	<u>\$2,135</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>			
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$218,215	<u>\$218,215</u>	<u>\$0</u>

06 BUILDING CONSTRUCTION

	Audit	UFARS	Audit - UFARS
Total Revenue	\$21,145	<u>\$21,145</u>	<u>\$0</u>
Total Expenditures	\$490,221	<u>\$490,222</u>	(\$1)
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>			
4.07 Capital Projects Levy	\$0	<u>\$0</u>	<u>\$0</u>
4.13 Funded by COP/FP	\$0	<u>\$0</u>	<u>\$0</u>
4.67 LTFM	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$302,669	<u>\$302,669</u>	<u>\$0</u>
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>

07 DEBT SERVICE

Total Revenue	\$648,915	<u>\$648,914</u>	\$1
Total Expenditures	\$659,063	<u>\$659,063</u>	<u>\$0</u>
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>			
4.25 Bond Refundings	\$0	<u>\$0</u>	<u>\$0</u>
4.33 Maximum Effort Loan Aid	\$0	<u>\$0</u>	<u>\$0</u>
4.51 QZAB Payments	\$0	<u>\$0</u>	<u>\$0</u>
4.67 LTFM	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$140,233	<u>\$140,233</u>	<u>\$0</u>
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>

08 TRUST

Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>			
4.01 Student Activities	\$0	<u>\$0</u>	<u>\$0</u>
4.02 Scholarships	\$0	<u>\$0</u>	<u>\$0</u>
4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	<u>\$0</u>

18 CUSTODIAL

Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>			
4.01 Student Activities	\$0	<u>\$0</u>	<u>\$0</u>
4.02 Scholarships	\$0	<u>\$0</u>	<u>\$0</u>
4.48 Achievement and Integration	\$0	<u>\$0</u>	<u>\$0</u>
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>

20 INTERNAL SERVICE

Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	<u>\$0</u>

25 OPEB REVOCABLE TRUST

Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>

<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>

04 COMMUNITY SERVICE

Total Revenue	\$187,780	<u>\$187,780</u>	<u>\$0</u>
Total Expenditures	\$234,131	<u>\$234,131</u>	<u>\$0</u>
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>			
4.26 \$25 Taconite	\$0	<u>\$0</u>	<u>\$0</u>
4.31 Community Education	\$13,887	<u>\$13,887</u>	<u>\$0</u>
4.32 E.C.F.E	\$14,200	<u>\$14,200</u>	<u>\$0</u>
4.40 Teacher Development and Evaluation	\$0	<u>\$0</u>	<u>\$0</u>
4.44 School Readiness	(\$1,479)	<u>(\$1,479)</u>	<u>\$0</u>
4.47 Adult Basic Education	\$0	<u>\$0</u>	<u>\$0</u>
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$17,217	<u>\$17,217</u>	<u>\$0</u>
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>

4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	<u>\$0</u>
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45 OPEB IRREVOCABLE TRUST

Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	<u>\$0</u>

47 OPEB DEBT SERVICE

Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.25 Bond Refundings	\$0	<u>\$0</u>	<u>\$0</u>
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>