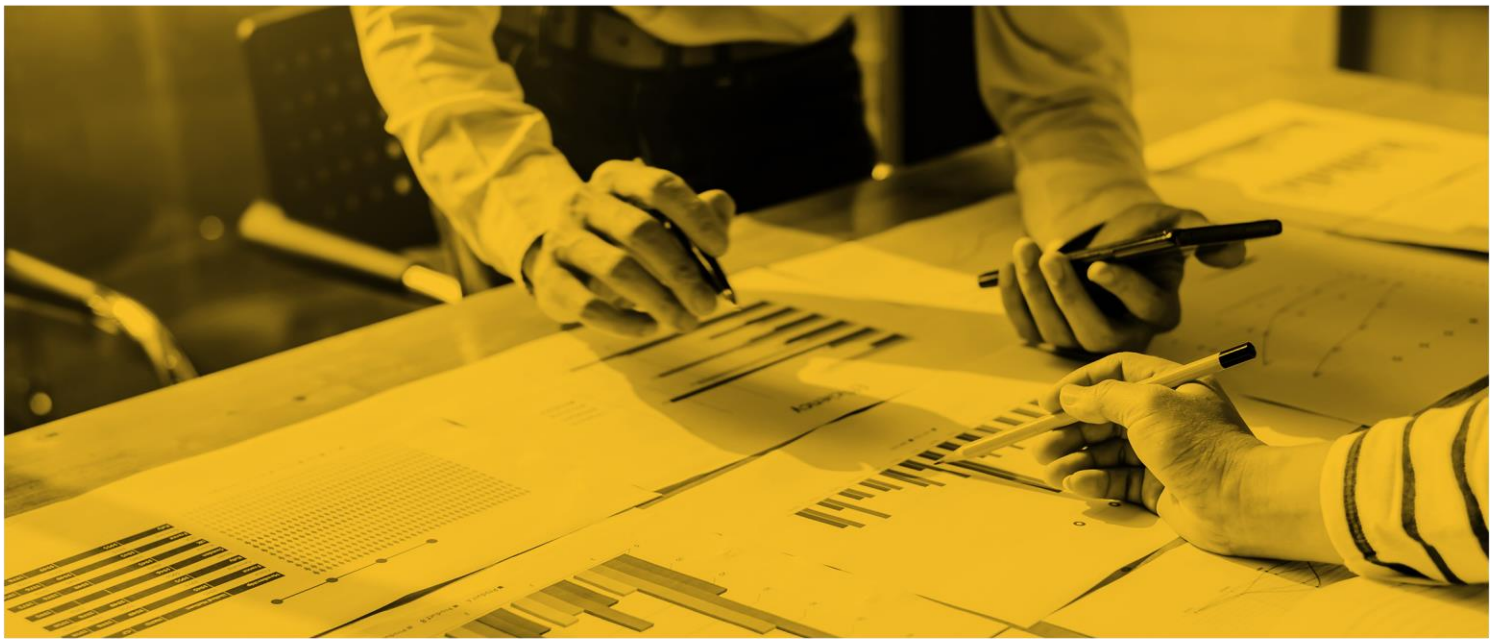


Annual Financial Report

Southeast Service Cooperative
Independent School District No. 921

Rochester, Minnesota

For the year ended June 30, 2023

Abdo
Lighting the path forward

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Edina, MN 55436
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Southeast Service Cooperative
Independent School District No. 921
Rochester, Minnesota
Table of Contents
For the Year Ended June 30, 2023

	Page No.
Introductory Section	
Board of Directors	7
Financial Section	
Independent Auditor's Report	11
Management's Discussion and Analysis	15
Basic Financial Statements	
Proprietary Funds	
Statement of Net Position	22
Statement of Revenues, Expenses and Changes in Net Position	25
Statement of Cash Flows	26
Fiduciary Funds	
Statement of Fiduciary Assets and Liabilities	28
Statement of Changes in Fiduciary Net Position	29
Notes to the Financial Statements	31
Required Supplementary Information	
Schedule of Employer's Share of Teachers Retirement Association Net Pension Liability	58
Schedule of Employer's Teachers Retirement Association Contributions	58
Notes to the Required Supplementary Information - Teacher Retirement Association	59
Schedule of Employer's Share of Public Employees Retirement Association Net Pension Liability	61
Schedule of Employer's Public Employees Retirement Association Contributions	61
Notes to the Required Supplementary Information - Public Employees Retirement Association	62
Schedule of Changes in the Cooperative's Total OPEB Liability and Related Ratios	64
Notes to the Required Supplementary Information - OPEB	64
Combining Fund Schedules	
Combining Schedule of Revenues, Expenses and Changes in Net Position	
Risk Management Cost Centers	69
Member Services Cost Centers	70
Uniform Financial Accounting and Reporting Standards Compliance Table	72
Single Audit and Other Required Reports	
Independent Auditor's Report on Minnesota Legal Compliance	77
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	78
Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control over Compliance Required by the *Uniform Guidance*	80
Schedule of Expenditure of Federal Awards	83
Notes to Schedule of Expenditures of Federal Awards	84
Schedule of Findings, Responses and Questioned Costs	85

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INTRODUCTORY SECTION

SOUTHEAST SERVICE COOPERATIVE
INDEPENDENT SCHOOL DISTRICT NO. 921
ROCHESTER, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2023

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Southeast Service Cooperative
Independent School District No. 921
Rochester, Minnesota
Board of Directors
For the Year Ended June 30, 2023

Name	Position	Term Expires
Bree Maki	Chairperson	2025
Jean Roth	Vice-chairperson	2026
Jason Marquardt	Treasurer	2026
Monica Sveen-Ziebell	Clerk	2025
Don Leathers	Member	2024
Tess Arrick-Kruger	Member	2024
Mary Urch	Member	2025
Lynn Gorski	Member	2023
Open Position	Member	2026
Steve Sallee	Executive Director	

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FINANCIAL SECTION

SOUTHEAST SERVICE COOPERATIVE
INDEPENDENT SCHOOL DISTRICT NO. 921
ROCHESTER, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Southeast Service Cooperative
Independent School District No. 921
Rochester, Minnesota

Opinions

We have audited the accompanying financial statements of each major enterprise fund of the Southeast Service Cooperative, Rochester, Minnesota, (the Cooperative) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Cooperative'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 each major enterprise fund of the Cooperative as of June 30, 2023, and the respective changes in financial position and cash flows 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 the Cooperative 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cooperative'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.

Change in Accounting Principle

As described in Note 8 to the financial statements, the District/Charter School adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 96, Subscription-Based Information Technology Agreements, for the year ended June 30, 2023. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Revenue and Claims Development Information

As disclosed in Note 1, information necessary to present the ten-year revenue and claims development information for its Risk Management Pool fund is not readily available and therefore the Cooperative has not presented this information. Accounting principles generally accepted in the United States of America has determined this information is necessary to supplement, although not required to be part of, the basic financial statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 15, the Schedules of Employer's Share of the Net Pension Liability, the Schedules of Employer's Contributions and the Schedule of Changes in the Cooperative's Net OPEB Liability and Related Ratios starting on page 58 be presented to supplement the basic financial statements. Such information, 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 the School's basic financial statements. The accompanying combining fund schedules and schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) 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 statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund schedules 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 in the report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statement 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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2023, on our consideration of the Cooperative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Cooperative's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cooperative's internal control over financial reporting and compliance.



Abdo
Mankato, Minnesota
November 9, 2023

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Management's Discussion and Analysis

This section of Southeast Service Cooperative's (the Cooperative) annual financial report presents our discussion and analysis of the Cooperative's financial performance during the fiscal year that ended on June 30, 2023. The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 - Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.

The Cooperative is a membership organization and is recognized in terms of a legal entity as a public entity, independent school district. The Cooperative does not have any levy authority, does not have any tax base, does not receive any regular government funding; and doesn't provide ongoing, regular instructional programming for K-12 students. This is an important consideration in comparing and contrasting the Cooperative's financial statements with other public entities and/or Cooperatives. It is also an important consideration in that revenue has to be generated to provide services and programs for members.

Overview of the Financial Statements

The financial section of the annual report consists of four parts - Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two enterprise funds: Member Services and Risk Management Pools. Since the Cooperative does not have any significant financial activity because of government funding, there is only one set of statements that is prepared on a *government-wide* basis.

Government-wide Statements. The *government-wide statements* report information about the Cooperative using accounting methods similar to those used by private-sector companies. The balance sheet includes all the Cooperative's assets and deferred outflows of resources and liabilities and deferred inflows of resources. All the current year's revenues and expenses are accounted for in the statement of revenues, expenses and changes in net position regardless of when cash is received or paid. The two government-wide statements report the Cooperative's *net position* and how they have changed. Net position - the difference between the Cooperative's assets and deferred outflows of resources and liabilities and deferred inflows of resources - are one way to measure the Cooperative's financial health or *position*. Over time, increases or decreases in the Cooperative's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

Southeast Service Cooperative's Summary of Net Position

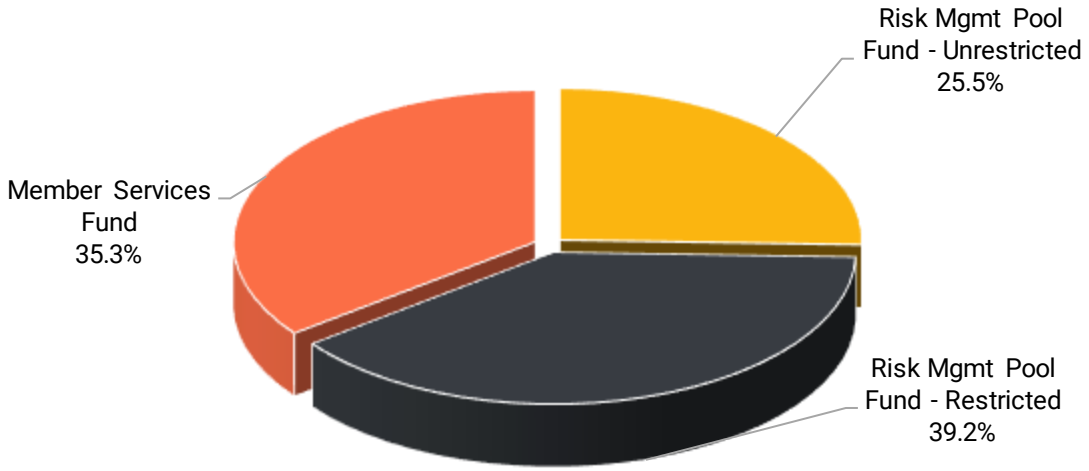
	Business-type Activities		Increase (Decrease)	
	2023	2022	Amount	Percent
Current and Other Assets	$ 21,470,251	$ 24,358,667	$ (2,888,416)	(11.9) %
Capital Assets	1,694,844	1,739,840	(44,996)	(2.6)
Total Assets	23,165,095	26,098,507	(2,933,412)	(11.2)
Deferred Outflows of Resources	1,112,535	1,374,782	(262,247)	(19.1)
Long-term Liabilities Outstanding	3,513,271	1,941,521	1,571,750	81.0
Other Liabilities	7,168,833	4,814,392	2,354,441	48.9
Total Liabilities	10,682,104	6,755,913	3,926,191	58.1
Deferred Inflows of Resources	282,670	2,042,645	(1,759,975)	(86.2)
Net Position				
Investment in capital assets	1,525,130	1,651,618	(126,488)	(7.7)
Restricted for rate stabilization	5,218,233	11,739,006	(6,520,773)	(55.5)
Unrestricted	6,569,493	5,284,107	1,285,386	24.3
Total Net Position	$ 13,312,856	$ 18,674,731	$ (5,361,875)	(28.7) %
Net Position as a Percent of Total				
Net investment in capital assets	11.5 %	8.8 %		
Restricted	39.2	62.9		
Unrestricted	49.3	28.3		
	100.0 %	100.0 %		

Southeast Service Cooperative's Changes in Net Position

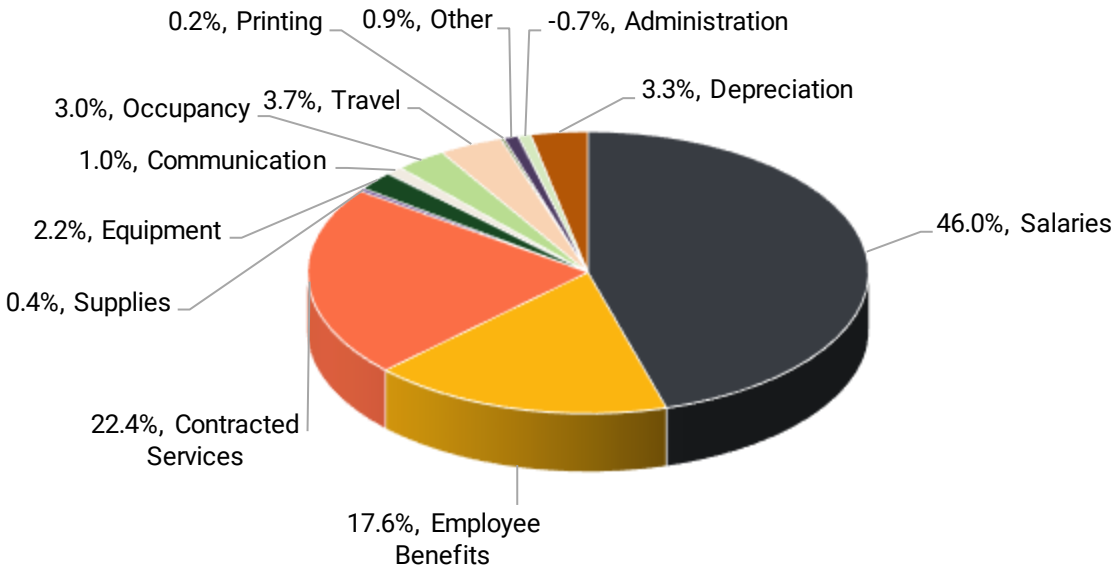
	Business-type Activities		Increase (Decrease)	
	2023	2022	Amount	Percent
Revenues				
Program revenues				
Fees from patrons	$ 826,698	$ 612,074	$ 214,624	35.1 %
Grants	3,485,297	3,895,922	(410,625)	(10.5)
Sales and other conversion of assets	148,940	171,372	(22,432)	(13.1)
Insurance premiums	55,912,666	54,430,111	1,482,555	2.7
Administrative fees	2,687,030	2,619,119	67,911	2.6
General revenues				
Interest income (loss)	479,861	(555,532)	1,035,393	(186.4)
Gain (loss) on disposal of capital assets	30,005	3,713	26,292	708.1
Total Revenues	63,570,497	61,176,779	2,393,718	3.9
Expenses				
Salaries	2,835,099	2,712,290	122,809	4.5
Employee benefits	1,078,784	1,082,264	(3,480)	(0.3)
Contracted services	1,373,014	2,126,998	(753,984)	(35.4)
Supplies	22,707	40,220	(17,513)	(43.5)
Equipment (not capitalized)	135,226	85,428	49,798	58.3
Communication	59,984	69,124	(9,140)	(13.2)
Occupancy	183,044	164,055	18,989	11.6
Travel	229,721	164,787	64,934	39.4
Printing	11,779	4,889	6,890	140.9
Other	52,693	12,133	40,560	334.3
Administration	(45,977)	(16,762)	(29,215)	174.3
Depreciation	204,542	210,026	(5,484)	(2.6)
Insurance claims and administrative fees	62,791,756	57,386,577	5,405,179	9.4
Total Expenses	68,932,372	64,042,029	4,890,343	7.6
Change in Net Position	(5,361,875)	(2,865,250)	(2,496,625)	87.1
Net Position - July 1	18,674,731	21,539,981	(2,865,250)	(13.3)
Net Position - June 30	$ 13,312,856	$ 18,674,731	$ (5,361,875)	(28.7) %

Condensed Financial Information

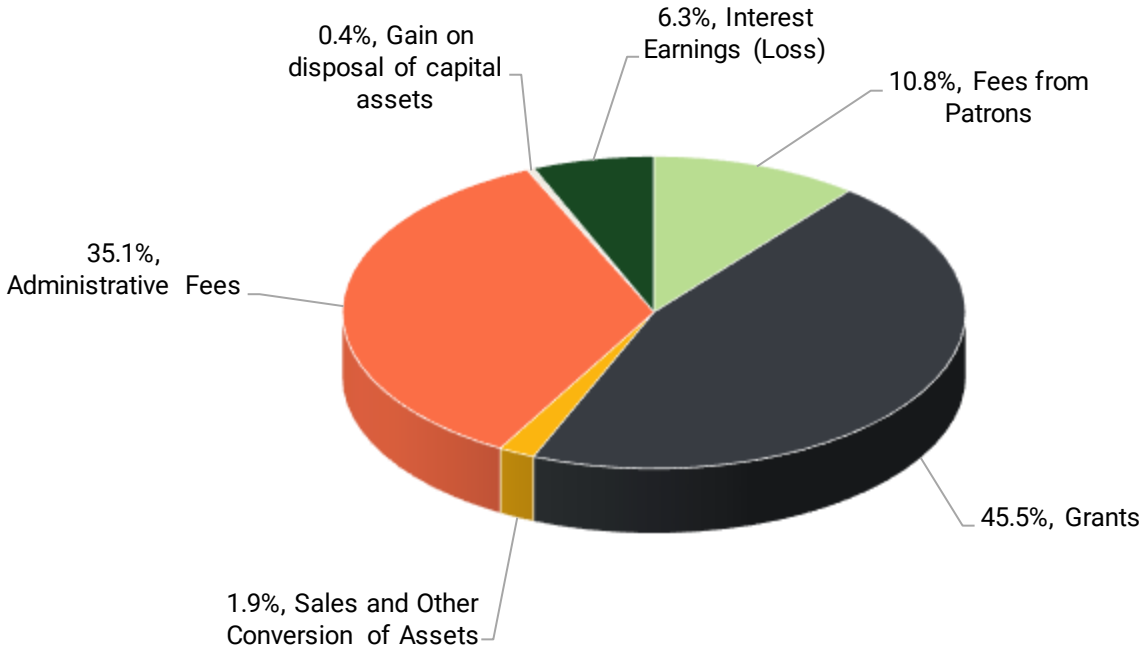
Net Position
June 30, 2023



Total Expenses (Less Health Premiums and Claims)
July 1, 2022 to June 30, 2023



Total Revenue (Less Health Premiums)
July 1, 2022 to June 30, 2023



Analysis of Financial Position of the Cooperative as a Whole

The Cooperative's combined net position was $13,312,856 on June 30, 2023. This was a decrease of 28.7 percent from the prior year. This is primarily due to the cooperative intentionally using reserves to lower the premiums on health insurance for participating groups.

The Cooperative continues to bear a 10 percent risk liability for member's claims in the insurance pools. The Cooperative must use insurance reserves to pay for any negative settlements. The Cooperative's insurance reserve is now $8,607,359 which is a decrease from 2022 of $5,298,793. This exceeds a possible 10 percent claims loss. The maximum loss based on this year's claims would be $4,952,764 ($49,527,641 X 10 percent). The majority of reserves that are in excess of a 10 percent claim loss risk ($4,952,764) are intended to reduce insurance premiums paid by members in future years. The Cooperative reviews the status of reserves and strategizes in using them on a one-time basis to set future premiums and or provide cooperative dividends.

Total long-term liabilities increased by $1,060,340 or 53.3 percent. This is due to a increase in the Cooperative's share of the Net Pension Liability (NPL) for the Teachers Retirement Association (TRA). The Cooperative's share of NPL for TRA increased from $1,098,451 to $1,993,860 or 44.9 percent. The Cooperative's share of NPL for PERA increased from $550,888 to $1,140,485 or 107.0 percent. These increases are primarily due to the financial conditions of TRA and PERA since the Cooperative's share of the NPL have changed very little.

Southeast Service Cooperative's Capital Assets
(Net of Depreciation)

	Business-type Activities		
	2023	Restated 2022	Increase (Decrease)
Land	$ 535,500	$ 535,500	$ -
Land Improvements	497,705	497,705	-
Buildings	2,117,137	2,113,291	3,846
Equipment	659,813	700,504	(40,691)
SBITA equipment (intangible right to use asset)	148,058	-	148,058
Leased vehicles (intangible right to use asset)	96,571	132,482	(35,911)
Less Accumulated Depreciation/Amortization	(2,359,940)	(2,239,642)	(120,298)
Total	$ 1,694,844	$ 1,739,840	$ (44,996)
			-2.6%

The Cooperative combined capital assets were $1,694,844 on June 30, 2023. This was a decrease of 2.6 percent from the prior year. This decrease was mainly due to depreciation and disposals of assets.

Financial Analysis of the Cooperative Funds

Revenues increased overall by 3.9%. This was primarily due to higher participation from members in services and increasing interest rates.

Expenses inreased overall 7.6%. This is primarily due to the loss of groups from the insurance pools as well as lower equipment costs.

Both Health Insurance pools currently have fully-funded reserves to protect the financial stability of the pools.

Factors Bearing on the Cooperative's Future

The Cooperative will continue to strengthen revenue through fees for service and administrative fees related to services needed by member organizations. The Cooperative continues to rely very heavily on the revenue from health insurance programming. The ever-changing impact of Federal, State and local funding for the Cooperative's membership continues to provide both additional opportunities and additional challenges to the Cooperative's services. The Cooperative is seeking ways to continue to diversify revenue in order be less reliant on health insurance programming funds for future initiatives.

The greatest challenge to the Cooperative's financial position for the future is the 10 percent risk factor that is part of a health pool contractual arrangement. The Cooperative has used a series of processes intended to maintain the financial efficacy of the pools, however, the rising costs and unpredictability of the health insurance market as well as Federal and State legislation will continue to affect future health insurance programming and the finances needed.

Contacting the Cooperative's Financial Management Staff

This financial report is designed to provide our members, customers, and creditors with a general overview of the Cooperative's finances and to demonstrate the Cooperative's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Accounting Department, Southeast Service Cooperative, 210 Woodlake Drive Southeast, Rochester, MN 55904.

BASIC FINANCIAL STATEMENTS

SOUTHEAST SERVICE COOPERATIVE
INDEPENDENT SCHOOL DISTRICT NO. 921
ROCHESTER, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2023

Southeast Service Cooperative
Independent School District No. 921
Rochester, Minnesota
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-type Activities - Enterprise Funds		
	Member Services	Risk Management Pool	Total
Current Assets			
Cash and temporary investments	$ 5,199,866	$ 2,983,681	$ 8,183,547
Cash held by fiscal agent	-	6,168,522	6,168,522
Receivables			
Accounts	13,682	46,990	60,672
Interest	1,470	8,603	10,073
Due from other districts	49,939	-	49,939
Intergovernmental	938,385	-	938,385
Rate stabilization reserve	-	5,218,233	5,218,233
Prepaid items	28,705	-	28,705
Total Current Assets	6,232,047	14,426,029	20,658,076
Noncurrent Assets			
Land held for resale	-	812,175	812,175
Capital assets			
Land	535,500	-	535,500
Land improvements	497,705	-	497,705
Buildings	2,117,137	-	2,117,137
Equipment	659,813	-	659,813
Leased vehicles	96,571	-	96,571
SBITA equipment	148,058	-	148,058
Less accumulated depreciation/amortization	(2,359,940)	-	(2,359,940)
Total capital assets (net of accumulated depreciation/amortization)	1,694,844	-	1,694,844
Total Noncurrent Assets	1,694,844	812,175	2,507,019
Total Assets	7,926,891	15,238,204	23,165,095
Deferred Outflows of Resources			
Deferred pension resources	1,091,993	17,977	1,109,970
Deferred other postemployment benefit resources	2,414	151	2,565
Total Deferred Outflows of Resources	1,094,407	18,128	1,112,535
Liabilities			
Current Liabilities			
Accounts and other payables	88,744	1,495	90,239
Salaries payable	126,094	-	126,094
Health claims payable	-	420,517	420,517
Due to other districts	4,835	11,550	16,385
Due to other governments	24,580	-	24,580
Health claims payable - IBNR	-	6,168,522	6,168,522
Unearned revenue	245,801	-	245,801
Lease liability - current portion	29,195	-	29,195
SBITA liability - current portion	47,500	-	47,500
Compensated absences payable - current portion	108,058	-	108,058
Total Current Liabilities	674,807	6,602,084	7,276,891
Noncurrent Liabilities			
Lease payable	8,390	-	8,390
SBITA payable	84,629	-	84,629
Compensated absences payable	94,725	-	94,725
Net pension liability	3,090,972	43,373	3,134,345
Other postemployment benefits payable	80,277	2,847	83,124
Total Noncurrent Liabilities	3,358,993	46,220	3,405,213
Total Liabilities	4,033,800	6,648,304	10,682,104

The notes to the financial statements are an integral part of this statement.

Southeast Service Cooperative
Independent School District No. 921
Rochester, Minnesota
Statement of Net Position
Proprietary Funds (Continued)
June 30, 2023

	Business-type Activities - Enterprise Funds		
	Member Services	Risk Management Pool	Total
Deferred Inflows of Resources			
Deferred pension resources	$ 262,707	$ -	$ 262,707
Deferred other postemployment benefit resources	19,354	609	19,963
Total Deferred Outflows of Resources	282,061	609	282,670
Net Position			
Net investment in capital assets	1,525,130	-	1,525,130
Restricted for rate stabilization - Mid Year Pool	-	259,604	259,604
Restricted for rate stabilization - January Pool	-	3,890,146	3,890,146
Restricted for rate stabilization - Small Group Pool	-	1,068,483	1,068,483
Unrestricted	3,180,307	3,389,186	6,569,493
Total Net Position	$ 4,705,437	$ 8,607,419	$ 13,312,856
Net Position as Reported Above	$ 4,705,437	$ 8,607,419	$ 13,312,856
Adjustments from net position to UFARS fund balance			
Net pension liability	3,090,972	43,373	3,134,345
Other postemployment benefits payable	80,277	2,847	83,124
Deferred inflows of pension resources	262,707	-	262,707
Deferred outflows of pension resources	(1,091,993)	(17,977)	(1,109,970)
Deferred inflows of other postemployment benefits	19,354	609	19,963
Deferred outflows of other postemployment benefits	(2,414)	(151)	(2,565)
Total UFARS Fund Balance	$ 7,064,340	$ 8,636,120	$ 15,700,460

The notes to the financial statements are an integral part of this statement.

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Southeast Service Cooperative
Independent School District No. 921
Rochester, Minnesota
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds		
	Member Services	Risk Management Pool	Total
Operating Revenues			
Fees from patrons	$ 826,698	$ -	$ 826,698
Grants			
Local	91,224	-	91,224
State	481,292	-	481,292
Federal	2,912,781	-	2,912,781
Sales and other conversion of assets	148,940	-	148,940
Insurance premiums	-	55,912,666	55,912,666
Administrative fees	31,094	2,655,936	2,687,030
Total Operating Revenues	4,492,029	58,568,602	63,060,631
Operating Expenses			
Salaries	2,780,331	54,768	2,835,099
Employee benefits	1,046,757	32,027	1,078,784
Contracted services	853,164	519,850	1,373,014
Supplies	22,707	-	22,707
Equipment (not capitalized)	135,226	-	135,226
Communication	59,003	981	59,984
Occupancy	169,982	13,062	183,044
Travel	222,860	6,861	229,721
Printing	11,546	233	11,779
Other	52,693	-	52,693
Administration	(842,774)	796,797	(45,977)
Depreciation/amortization	204,542	-	204,542
Insurance claims and administrative fees	-	62,791,756	62,791,756
Total Operating Expenses	4,716,037	64,216,335	68,932,372
Operating Income (Loss)	(224,008)	(5,647,733)	(5,871,741)
Nonoperating Revenues (Expenses)			
Interest income (loss)	130,861	349,000	479,861
Gain (loss) on disposal of capital assets	30,005	-	30,005
Total Nonoperating Revenues (Expenses)	160,866	349,000	509,866
Change in Net Position	(63,142)	(5,298,733)	(5,361,875)
Net Position, July 1	4,768,579	13,906,152	18,674,731
Net Position, June 30	$ 4,705,437	$ 8,607,419	$ 13,312,856

The notes to the financial statements are an integral part of this statement.

Southeast Service Cooperative
Independent School District No. 921
Rochester, Minnesota
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds		
	Member Services	Risk Management Pool	Total
Cash Flows from Operating Activities			
Cash received from members	$ 1,264,838	$ 58,521,612	$ 59,786,450
Cash payments to suppliers for goods and services	(947,118)	(940,877)	(1,887,995)
Cash payments on insurance claims, settlements and fees	-	(54,792,755)	(54,792,755)
Cash payments to employees for services	(3,799,882)	(81,656)	(3,881,538)
Grant receipts	3,681,680	-	3,681,680
Net Cash Provided (Used) by Operating Activities	199,518	2,706,324	2,905,842
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(38,503)	-	(38,503)
Proceeds from sale of equipment	57,020	-	57,020
Lease payments	(50,637)	-	(50,637)
SBITA payments	(15,929)	-	(15,929)
Net Cash Provided (Used) by Capital and Related Financing Activities	(48,049)	-	(48,049)
Cash Flows from Investing Activities			
Interest received (loss) on investments	130,175	827,738	957,913
Net Increase (Decrease) in Cash and Cash Equivalents	281,644	3,534,062	3,815,706
Cash and Cash Equivalents, July 1	4,918,222	5,618,141	10,536,363
Cash and Cash Equivalents, June 30	$ 5,199,866	$ 9,152,203	$ 14,352,069
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position			
Cash and temporary investments	$ 5,199,866	$ 2,983,681	$ 8,183,547
Cash held with fiscal agent	-	6,168,522	6,168,522
Total Cash and Cash Equivalents	$ 5,199,866	$ 9,152,203	$ 14,352,069

The notes to the financial statements are an integral part of this statement.

Southeast Service Cooperative
Independent School District No. 921
Rochester, Minnesota
Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds		
	Member Services	Risk Management Pool	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	$ (224,008)	$ (5,647,733)	$ (5,871,741)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation expense/amortization	204,542	-	204,542
(Increase) decrease in assets			
Accounts receivable	14,651	(46,990)	(32,339)
Due from other districts	44,454	-	44,454
Intergovernmental	196,383	-	196,383
Rate stabilization reserve	-	6,037,088	6,037,088
Prepaid items	(19,516)	-	(19,516)
(Increase) decrease in deferred outflow of resources			
Deferred pension resources	263,901	311	264,212
Deferred other postemployment benefit resources	(1,906)	(59)	(1,965)
Increase (decrease) in liabilities			
Accounts and other payables	(268,989)	(8,160)	(277,149)
Salaries payable	9,127	-	9,127
Health claims payable	-	420,517	420,517
Due to other districts	3,929	7,550	11,479
Due to other governments	21,865	(23,000)	(1,135)
Health claims payable - IBNR	-	1,961,913	1,961,913
Unearned revenue	199,001	-	199,001
Compensated absences payable	19,857	-	19,857
Net pension liability	1,460,926	24,080	1,485,006
OPEB Liability	15,601	482	16,083
Increase (decrease) in deferred inflow of resources			
Deferred pension resources	(1,732,948)	(19,448)	(1,752,396)
Deferred other postemployment benefit resources	(7,352)	(227)	(7,579)
Net Cash Provided (Used) by Operating Activities	$ 199,518	$ 2,706,324	$ 2,905,842
Noncash Transactions Involving Capital and Related Financing Activities			
Book Value of Disposed Capital Assets	$ 27,015	$ -	$ 27,015
SBITA equipment and liability recognition	$ 148,058	$ -	$ 148,058

The notes to the financial statements are an integral part of this statement.

Southeast Service Cooperative
Independent School District No. 921
Rochester, Minnesota
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2023

	MASA Region I
Assets	
Cash and investments	$ 18,026
Fund Balance	
Restricted	$ 18,026

The notes to the financial statements are an integral part of this statement.

Southeast Service Cooperative
Independent School District No. 921
Rochester, Minnesota
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

	MASA Region I
Revenues	
Member fees	$ 10,200
Investment earnings	727
Total Revenues	10,927
Expenditures	
Health Services	
Salaries	6,553
Change in Net Position	4,374
Net Position, July 1	13,652
Net Position, June 30	$ 18,026

The notes to the financial statements are an integral part of this statement.

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Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The Southeast Service Cooperative (the Cooperative) is a public agency established by an act of the 1976 Legislature of the State of Minnesota. The primary purpose is to provide services, programs, in-service education, and planning to participating school districts within an 11 county region in Southeastern Minnesota. The Cooperative has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Cooperative are such that exclusion would cause the Cooperative's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. The Cooperative has no component units that meet the GASB criteria.

B. Joint Powers Agreement for Group Employee's Benefit and Other Risk Management Services

The Cooperative and its participating members have established a risk management program. The objective is to procure and manage insurance programs at lower costs. Members fund this program by remitting to the Cooperative an actuarially determined premium. A fee is paid to Medica on a monthly basis for administering the program. The claims portion is remitted to Minnesota HealthCare Consortium on a monthly basis, who in turns pays to Medica on a weekly basis. There are 5 Mid-Year pool and 40 January 1 Pool groups in the pools.

The Pool is administered by an agreement with Minnesota Healthcare Consortium (MHC) from July 1, 2022 to June 30, 2023.

Medica and the Cooperative on an annual basis, calculate an estimate of future claims based on claims experience and actuarial studies to determine premiums. At the end of each plan year, a settlement is made with MHC and the reserve account and the Incurred but Not Reported (IBNR) are funded. Medica retains the risk for claims above the Cooperative's 110 percent aggregate attachment point, but the Cooperative is responsible for claims from 100 percent to 110 percent. The Cooperative purchases through Medica, stop-loss insurance to pay individual insurance member claims in excess of $500,000 for members of the pools. The Cooperative purchases additional stop-loss insurance through the Minnesota HealthCare Consortium for the Government and School pools in a tiered rating as follows: $75,000 for Groups 2-50, $100,000 for Group 51-99 and $200,000 for Groups 100+. The premium plan year- end is August 31 for Mid-Year pool and December 31 for the January 1 pool, even though premium and claims activity is reported using a June 30 year end. As of June 30, 2023, plan year ending December 31, 2022 for the Government pool has been settled and the plan year ended August 31, 2022 for the School pool has been settled.

As a part of the overall program, Minnesota Healthcare Consortium (MHC) has established a Rate Stabilization Reserve (RSR) to provide cash flow for the insurance program. This reserve is ongoing and was established by MHC with a contribution equal to one month's estimated charges. Each month, a portion of the premiums are to be deposited into the RSR to maintain this fund. The RSR is used to provide funds when claims exceed premiums and to fund the IBNR Claims account if there are insufficient funds to fund that liability and to receive any over-funding of the IBNR. Negative balances in the RSR represent advances to the Cooperative and are reflected in the financial statements as a liability. The RSR balance is adjusted on an annual basis as part of the year-end settlement as referred to above. The RSR activity and balances reflect the balances as of June 30, 2023 for the Mid-Year Pool and the January 1 Pool and are based on estimates from MHC using data from Medica.

Note 1: Summary of Significant Accounting Policies (Continued)

C. Basic Financial Statement Presentation

All activities of the Cooperative are accounted for within two enterprise funds. Enterprise funds are proprietary funds used to account for business-like activities provided to the general public. Proprietary funds are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses) of providing goods or services to the general public on a continuing basis are to be financed or recovered primarily through user charges.

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

The financial statements of the proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting* in accordance with accounting principles generally accepted in the United States of America. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Fiduciary funds are used to account for resources held for the benefit of parties outside of the Cooperative. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the Cooperative's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the Cooperative receives value without directly giving equal value in return, include grants, entitlement and donations. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Cooperative must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Cooperative on a reimbursement basis.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Description of Funds

The Cooperative reports the following major proprietary funds:

The *Member Services fund* is the Cooperative's primary operating fund. The fund accounts for all financial resources of the Cooperative, except those required to be accounted for in another fund.

The *Risk Management Services fund* is used to account for the various member services and risk management pool activities of the Cooperative and also "termination reserves", recalculated at annual settlement, to pay claims run-out in the event the pool's relationship with Medica ceases.

Note 1: Summary of Significant Accounting Policies (Continued)

Fiduciary funds:

Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment funds. Or private-purpose trust funds. The Cooperative's custodial fund accounts for activities for Masa Region I.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing insurance services to members in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Cooperative's enterprise funds are charges to customers for insurance services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

Deposits and Investments

The Cooperative's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

The Cooperative may invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.

2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.

3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.

4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.

5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.

6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.

7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.

8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

Note 1: Summary of Significant Accounting Policies (Continued)

9. Guaranteed investment contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

The Cooperative has not adopted a formal investment policy that addresses interest rate and credit risk.

The Minnesota School District Liquid Asset Fund (MSDLAF) investment pool operates in accordance with appropriate Minnesota laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. The MSDLAF is an external investment pool not registered with the Securities and Exchange Commission (SEC); however, it follows the same regulatory rules of the SEC under rule §2a7. Financial statements of the MSDLAF fund can be obtained by contacting PFM Asset Management, LLC at P.O. Box 11760, Harrisburg, PA 17108-11760.

The Cooperative categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Cooperative has the following recurring fair value measurements as of June 30, 2023:

- Government agency securities of $1,567,152 are valued using a matrix pricing model (Level 1 inputs)
- Negotiable certificates of deposit of $1,607,222 are valued using a matrix pricing model (Level 2 inputs)

Accounts Receivable

Accounts receivable include amounts billed to members for services provided before year end. All trade receivables are shown net of an allowance for uncollectible accounts. It has been determined, as of June 30, 2023, that no allowance for uncollectible accounts is necessary.

Cash Held by Fiscal Agent

MHC retains a portion of the premium paid in cash held for an estimate for incurred but not reported health insurance claims that are run out after year end. The amount as June 30, 2023 is $6,168,522 which is offset by a health claims payable.

Rate Stabilization Reserve

As described in Note 1B, MHC retains a portion of the premium paid as a rate stabilization reserve. This amount is recalculated annually in conjunction with the annual settlement. Negative balances in the RSR represent advances by MHC and require repayment by the Plan. For the plan year ended June 30, 2023, the rate stabilization reserve held by MHC, Inc. was $5,218,233.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Assets Held for Resale

These assets represent land owned by the Cooperative with the intent to sell to developers. This land is recorded at the lesser of historical cost or net realizable value.

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets include property, plant and equipment. Capital assets are defined by the Cooperative as assets with an initial, individual cost of more than $2,000 (amount not rounded). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Buildings	24
Equipment and Vehicles	3 - 15

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 a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Cooperative has two items that qualifies for reporting in this category. Accordingly, the items, deferred pension resources and deferred OPEB resources, are reported only in the statement of net position. The pension resources result from actuarial calculations and current year pension contributions made subsequent to the measurement date. The OPEB resources are current year OPEB contributions made subsequent to the measurement date.

Health Claims Payable - IBNR (Incurred but Not Reported)

Health claims payable include provisions for claims reported but not settled, future claims adjustment expenses, and claims incurred but not reported (IBNR). The provision for these claims liabilities is determined by an actuarial calculation prepared by MHC, Inc. based on claims incurred plus a completion factor estimating the amount, which will ultimately be paid by each claimant. The provision for claims liabilities is estimated based on the Cooperative’s experience since the inception of the program, and is based on the June 30, 2023 estimated settlement for both pools. The Cooperative has reserved investments in excess of these liabilities. Management believes the claims liabilities based on MHC estimated actuarial calculations as of June 30, 2023 adequately reflect the estimated claims liabilities for the current year ended June 30, 2023.

Information necessary to separate claims reported but not settled, claims adjustment expenses, and claims incurred but not reported is not readily available. Such information includes the actuarial estimates of incurred claims and expenses at the end of the year, claims paid related to prior years' claims, and subsequent adjustments to prior years' estimates for incurred claims and expenses. This information, if available, can be used to present Ten-Year Claims Development Information.

Note 1: Summary of Significant Accounting Policies (Continued)

Pensions

Teachers Retirement Association (TRA)

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.

TRA has a special funding situation created by direct aid contributions made by the State of Minnesota, City of Minneapolis and Minneapolis School District. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the State of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association (DTRFA) in 2015. Additional information can be found in Note 3.

Public Employees Retirement Association (PERA)

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. The General fund is typically used to liquidate the governmental net pension liability.

The total pension expense for the (GERP) and TRA is as follows:

	GERP	TRA	Total All Plans
School's proportionate share	$ 211,791	$ 6,003	$ 217,794
Proportionate share of State's contribution	10,449	20,515	30,964
Total pension expense	$ 222,240	$ 26,518	$ 248,758

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Cooperative has two items which qualify for reporting in this category on the statement of net position. The items, deferred pension resources and deferred other postemployment benefit resources, are reported only in the statement of net position and results from actuarial calculations involving net differences between projected and actual earnings on plan investments and changes in proportions.

Other Postemployment Benefits

Under Minnesota statute 471.61, subdivision 2b, public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in a group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees are able to add dependent coverage during open enrollment period or qualifying life event prior to retirement. All premiums are funded on a pay-as-you-go basis. The liability was determined, in accordance with GASB Statement No. 75, at July 1, 2022.

Note 1: Summary of Significant Accounting Policies (Continued)

Vacation Payable

Vacation pay is earned based on position and years of service. Vacation may be accumulated up to a maximum amount equal to 2 times the amount the employee is eligible to earn in the current year. Employees are required to take at least five consecutive days of vacation each year. The Member Services fund is typically used to liquidate vacation payable.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is displayed in three components:

a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.

b. Restricted net position - Consist of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

c. Unrestricted net position - All other net position that do not meet the definition of “restricted” or “investment in capital assets”.

When both restricted and unrestricted resources are available for use, it is the Cooperative’s policy to use restricted resources first, then unrestricted resources as they are needed.

Note 2: Detailed Notes on All Funds

A. Deposits and Investments

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the Cooperative’s deposits and investments may not be returned or the Cooperative will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the Board of Directors, the Cooperative maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all Cooperative deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance, bonds, or irrevocable standby letters of credit from Federal Home Loan Banks.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated “A” or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated “AA” or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;

Note 2: Detailed Notes on All Funds (Continued)

- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and

- Time deposits that are fully insured by any Federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the Cooperative.

At year end, the Cooperative's carrying amount of deposits was $167,582 and the bank balance was $344,773 which was covered by federal depository insurance.

The Minnesota School District Liquid Asset Fund (MSDLAF) is a trust organized and existing under the laws of the State and the Minnesota Joint Powers Act, as amended. The trust was established for the purpose of allowing Minnesota school districts to pool their investment funds to obtain a competitive investment yield, while maintaining liquidity and preserving capital. The credit rating for the MSDLAF is AAA. The Cooperative's investment in the MSDLAF and Broker money markets are equal to the value of pool shares.

As of June 30, 2023, the Cooperative had the following investments that are insured or registered, or securities held by the Cooperative or its agent in the Cooperative's name:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using		
				Level 1	Level 2	Level 3
Pooled Investments at Amortized Costs						
Minnesota School District Max Class	N/A	under 1 year	$ 3,661,020	$ -	$ -	$ -
Minnesota School District Liquid Asset Fund	N/A	under 1 year	508,756	-	-	-
Cash/Money Market	N/A	under 1 year	689,841	-	-	-
Non-pooled Investments at Fair Value						
Government Agency Securities	N/A	under 1 year	789,901	789,901	-	-
Government Agency Securities	N/A	1 to 5 years	777,251	777,251	-	-
Negotiable certificates of deposit	AAA	under 1 year	964,553	-	964,553	-
Negotiable certificates of deposit	AAA	1 to 5 years	395,669	-	395,669	-
Negotiable certificates of deposit	N/A	1 to 5 years	247,000	-	247,000	-
Total Investments			$ 8,033,991	$ 1,567,152	$ 1,607,222	$ -

(1) Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.

N/A indicates not applicable or available.

(2) Interest rate risk is disclosed using the segmented time distribution method.

Note 2: Detailed Notes on All Funds (Continued)

A reconciliation of cash and temporary investments as shown on the statement of net position for the Cooperative follows:

Deposits	$ 167,582
Investments	8,033,991
Total	8,201,573
Less fiduciary fund cash and temporary investments	(18,026)
Total cash	$ 8,183,547

B. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Business-type Activities				
Capital Assets not Being Depreciated/Amortized				
Land	$ 535,500	$ -	$ -	$ 535,500
Capital Assets Being Depreciated/Amortized				
Land improvements	497,705	-	-	497,705
Buildings	2,113,291	6,586	(2,740)	2,117,137
Equipment	700,504	31,917	(72,608)	659,813
Leased vehicles (intangible right to use asset)	132,482	-	(35,911)	96,571
SBITA equipment (intangible right to use asset)	-	148,058	-	148,058
Total Capital Assets Being Depreciated/Amortized	3,443,982	186,561	(111,259)	3,519,284
Less Accumulated Depreciation/Amortization for				
Land improvements	(242,648)	(24,885)	-	(267,533)
Buildings	(1,367,823)	(79,721)	2,740	(1,444,804)
Equipment	(583,137)	(53,210)	65,745	(570,602)
Leased vehicles (intangible right to use asset)	(46,034)	(30,275)	15,759	(60,550)
SBITA equipment (intangible right to use asset)	-	(16,451)	-	(16,451)
Total Accumulated Depreciation/Amortization	(2,239,642)	(204,542)	84,244	(2,359,940)
Total Capital Assets Being Depreciated/Amortized, Net	1,204,340	(17,981)	(27,015)	1,159,344
Business-type Activities Capital Assets, Net	$ 1,739,840	$ (17,981)	$ (27,015)	$ 1,694,844

Depreciation/Amortization expense was charged to business-type activities as follows:

Member Services	$ 204,542

Note 2: Detailed Notes on All Funds (Continued)

C. Leases Payable

Lease agreements are summarized as follows:

Description	Total Lease Liability	Interest Rate	Issue Date	Payment Terms	Payment Amount	Balance at Year End
Vehicle Leases	$ 132,482	4.52 - 5.08 %	Varies	Varies	Varies	$ 37,585

The Cooperative has a lease for six vehicles under a master lease agreement with Enterprise Fleet Management for five years. Interest rates on the vehicles varies between 5.08% and 4.52% , monthly lease payments vary from $4,100 to $6,205 depending on timing of sales and additions of new leases. The last lease expires August 2024.

D. SBITA Payable

SBITA agreements are summarized as follows:

Description	Total SBITA Liability	Interest Rate	Issue Date	Payment Terms	Payment Amount	Balance at Year End
Marco AmplifyIT	$ 143,638	5.00 %	03/15/23	Monthly	$ 4,419	$ 132,129

The Cooperative has an agreement with Marco for Amplify IT services. Payments are made monthly and the liability is discounted at 5.0%. The lease expires February 2026.

E. Long-term Debt

Changes In Long-term Liabilities

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

	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due Within One Year
Business-type Activities					
Other Liabilities					
Lease payable	$ 88,222	$ -	$ (50,637)	$ 37,585	$ 29,195
SBITA payable	-	148,058	(15,929)	132,129	47,500
Compensated absences payable	182,926	155,169	(135,312)	202,783	108,058
Total	$ 271,148	$ 303,227	$ (201,878)	$ 372,497	$ 184,753

Note 2: Detailed Notes on All Funds (Continued)

F. Unrestricted - Board Designated Net Position

Board designated unrestricted net position for the year ended June 30, 2023 is as follows:

	Member Services
Designated for Unemployment Fund	$ 268,804

Note 3: Defined Benefit Pension Plans Statewide

Substantially all employees of the Cooperative 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 (TRA)

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 administered by a Board of Trustees. The Board consists of four active member, one retired member and three statutory officials.

Educators employed in Minnesota's public elementary and secondary school, 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 Define Contribution Plan (DCR) administered by the State of Minnesota.

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 as described:

Note 3: Defined Benefit Pension Plans Statewide (Continued)

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

With these provisions:

1. Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.

2. Three percent per year early retirement reduction factors for all years under normal retirement age.

3. 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 1.7 percent per year for coordinated members and 2.7 percent per year for basic members. For years of service July 1, 2006 and after, a level formula of 1.9 percent per year for Coordinated members and 2.7 percent per year for Basic members applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under Minnesota Statute. Smaller reductions, more favorable to the member, will be applied to individuals who reach age 62 and have 30 years or more of service credit.

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

Six different types of annuities are available to members upon retirement. The No Refund Life Plan is a lifetime annuity that ceases upon the death or 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 also 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 provisions in effect at the time they last terminated their public service.

Note 3: Defined Benefit Pension Plans Statewide (Continued)

3. Contribution Rate

Per Minnesota statutes, chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year were:

	Ending June 30, 2021		Ending June 30, 2022		Ending June 30, 2023	
Plan	Employee	Employer	Employee	Employer	Employee	Employer
Basic	11.00%	12.13%	11.00%	12.34%	11.25%	12.55%
Coordinated	7.50%	8.13%	7.50%	8.34%	7.50%	8.55%

The Cooperative's contributions to TRA for the years ending June 30, 2023, 2022 and 2021 were $143,967, $126,532 and $120,353, respectively. The Cooperative's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

The following is a reconciliation of employer contributions in TRA's fiscal year 2021 Comprehensive Annual Financial Report "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 Annual Comprehensive Financial Report Statement of Changes in Fiduciary Net Position	$ 482,679,000
Add employer contributions not related to future contribution efforts	(2,178,000)
Deduct TRA'S contributions not included in allocation	(572,000)
Total employer contributions	479,929,000
Total non-employer contributions	35,590,000
Total contributions reported in schedule of employer and non-employer aension allocations	$ 515,519,000

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.

Note 3: Defined Benefit Pension Plans Statewide (Continued)

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 5, 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% thereafter
Projected Salary Increase	2.85% to 8.85% before July 1 , 2028 and 3.25% to 9.25% thereafter
Cost of Living Adjustment	1% for January 2019 through January 2023 then increasing by 0.1% each year up to 1.5% annually
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 adjustments.

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

Note 3: Defined Benefit Pension Plans - Statewide (Continued)

5. Long-Term Rate of Return

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	33.50 %	5.10 %
International Equity	16.50	5.30
Private Markets	25.00	5.90
Unallocated Cash	25.00	-
Total	100.00 %	

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 6.00 years in the schedule presented. The amortization period for “Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments” is five years as required by GASB 68.

Changes in actuarial assumptions since the 2021 valuation:

- None

6. Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 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 the determination of the Single Equivalent Interest Rate (SEIR).

7. Net Pension Liability

At June 30, 2023, the Southeast Service Cooperative (the Cooperative) reported a liability of $1,993,860 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Cooperative’s proportion of the net pension liability was based on the Cooperative’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. The Cooperative proportionate share was 0.0249 percent at the end of the measurement period and 0.0251 percent for the beginning of the year.

Note 3: Defined Benefit Pension Plans - Statewide (Continued)

The pension liability amount reflected a reduction due to direct aid provided to TRA. The amount recognized by the Cooperative 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 Cooperative were as follows:

Cooperative's Proportionate Share of Net Pension Liability	$	1,993,860
State's Proportionate Share of Net Pension Liability Associated With the Cooperative		148,052

For the year ended June 30, 2023, the Cooperative recognized pension expense of $6,003. It also recognized $20,515 as an increase to pension expense for the support provided by direct aid.

On June 30, 2023, the Cooperative 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	$ 27,208	$ 15,691
Changes in Actuarial Assumptions	321,897	231,627
Net Difference Between Projected and Actual Earnings on Plan Investments	-	-
Actual earnings on plan investment	42,406	-
Changes in Proportion	171,264	-
Contributions to TRA Subsequent to the Measurement Date	143,967	-
Total	$ 706,742	$ 247,318

Deferred outflows of resources totaling $143,967 related to pensions resulting from the Cooperative's 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, 2023. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

2024	$ (105,089)
2025	68,266
2026	(20,387)
2027	224,514
2028	146,978
Thereafter	1,175

Note 3: Defined Benefit Pension Plans - Statewide (Continued)

8. Pension Liability Sensitivity

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

Cooperative proportionate share of NPL		
1 Percent Decrease (6.00%)	Current (7.00%)	1 Percent Increase (8.00%)
$ 3,143,212	$ 1,993,860	$ 1,051,750

The Cooperative'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.

9. 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 www.MinnesotaTRA.org, 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.

B. Public Employees Retirement Association (PERA)

1. Plan Description

The Cooperative participates in the following defined benefit pension plans administered by the Public Employees Retirement Association (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

All full-time and certain part-time employees of the Cooperative are covered by the General Employees Plan. 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.

Note 3: Defined Benefit Pension Plans - Statewide (Continued)

General Employee 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 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for average salary for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. 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 percent of their annual covered salary in fiscal year 2021 and the Cooperative was required to contribute 7.50 percent for Coordinated Plan members. The Cooperative's contributions to the General Employees Fund for the years ending June 30, 2023, 2022 and 2021 were $76,993, $80,971 and $69,888, respectively. The Cooperative's contributions were equal to the contractually required contributions for each year as set by state statute.

4. Pension Costs

General Employee Fund Plan Pension Costs

At June 30, 2023, the Cooperative reported a liability of $1,140,485 for its proportionate share of the General Employee Fund's net pension liability. The Cooperative'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 Cooperative totaled $69,929. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Cooperative's proportionate share of the net pension liability was based on the Cooperative'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. At June 30, 2023, the Cooperative's proportion was 0.0144 percent which was a decrease of 0.0015 percent from its proportion measured as of June 30, 2022.

Note 3: Defined Benefit Pension Plans - Statewide (Continued)

Cooperative's Proportionate Share of Net Pension Liability	$ 1,140,485
State of Minnesota's proportionate share of the net pension liability associated with the Cooperative	69,929
Total	$ 1,210,414

For the year ended June 30, 2023, the Cooperative recognized pension expense of $211,791 for its proportionate share of the General Employees Plan's pension expense. In addition, the Cooperative recognized an additional $10,449 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.

At June 30, 2023, the Cooperative reported its proportionate share of General Employees Plan's deferred outflows of resources and deferred inflows of resources, related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 9,525	$ 10,975
Changes in Actuarial Assumptions	232,038	4,413
Net Difference Between Projected and Actual Earnings on Plan Investments	-	-
actual earnings on plan investments	62,958	-
Changes in Proportion	21,714	1
Contributions to GERP Subsequent to the Measurement Date	76,993	-
Total	$ 403,228	$ 15,389

The $76,993 reported as deferred outflows of resources related to pensions resulting from the Cooperative'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 inflows of resources related to pensions will be recognized in pension expense as follows:

2024	$ 123,143
2025	105,782
2026	(21,214)
2027	103,135

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:

Note 3: Defined Benefit Pension Plans - Statewide (Continued)

6. Actuarial Assumptions

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	33.50 %	5.10 %
Private Markets	25.00	5.90
Fixed Income	25.00	0.75
International Equity	16.50	5.30
Total	100.00 %	

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

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

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

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table.

Actuarial assumptions used in the June 30, 2022 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation.

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

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

Note 3: Defined Benefit Pension Plans - Statewide (Continued)

7. Discount Rate

The discount rate used to measure the total pension liability was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

8. Pension Liability Sensitivity

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

Cooperative Proportionate Share of NPL		
1 Percent Decrease (5.50%)	Current (6.50%)	1 Percent Increase (7.50%)
$ 1,801,455	$ 1,140,485	$ 598,387

9. Pension Plan Fiduciary Net Position

Detailed information about each 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.

Note 4: Postemployment Benefits Other Than Pensions

A. Plan Description

The Cooperative operates a single-employer retiree benefit plan ("the Plan") that provides health, life and dental insurance to eligible employees and their families through the Cooperative's health insurance plan. The full cost of the benefits is covered by the plan. Benefit and eligibility provisions are established through negotiations between the Cooperative. The Cooperative provides benefits to active employees, but does not contribute towards retirees on the Plan. The Plan does not issue a publicly available report.

At June 30, 2023, the following employees were covered by the benefit terms:

Active Plan Members	33

Note 4: Postemployment Benefits Other Than Pensions (Continued)

B. Funding Policy

The Cooperative contributes a predetermined portion of the cost of current-year premiums for eligible retired plan members and their spouses based on the employment contract in effect at the time of retirement. For the year ended June 30, 2023, the Cooperative's average contribution rate was 2.51 percent of covered-employee payroll. For the year 2023, implicit contributions totaled $600.

C. Actuarial Methods and Assumptions

The Cooperative's total OPEB liability of $83,124 was measured as of July 1, 2022.

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

Discount Rate	2.10%
20-year Municipal Bond Yield	2.10%
Inflation Rate	2.00%
Salary Increases	3.00%
Medical Trend Rate	6.25% as of July 1, 2022 grading to 5.00% then 4.00%

The discount rate used to measure the total OPEB liability was 2.10 percent. Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-Year Municipal Bond Yield.

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale.

The actuarial assumptions used in the July 1, 2022 valuation were based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.

D. Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balances at June 30, 2022	$ 67,041
Changes for the Year:	
Service cost	14,967
Interest	1,716
Benefit payments	(600)
Net Changes	16,083
Balances at June 30, 2023	$ 83,124

Since the prior measurement date, there were no changes in assumptions or benefit terms.

Note 4: Postemployment Benefits Other Than Pensions (Continued)

E. Sensitivity of the Total OPEB Liability

The following presents the total OPEB liability of the Cooperative, as well as what the Cooperative's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.10 percent) or 1-percentage-point higher (3.10 percent) than the current discount rate:

1 Percent Decrease (1.10%)	Current (2.10%)	1 Percent Increase (3.10%)
$ 88,127	$ 83,124	$ 78,231

The following presents the total OPEB liability of the Cooperative, as well as what the Cooperative's total OPEB liability would be if it were calculated using a Healthcare Cost Trend Rate that is 1-percentage point lower (5.50 percent decreasing to 4.00 percent) or 1-percentage-point higher (7.50 percent decreasing to 6.00 percent) than the current Healthcare Cost Trend Rate:

1 Percent Decrease (5.50% decreasing to 4.00%)	Healthcare Cost Trend Rates (6.50% decreasing to 5.00%)	1 Percent Increase (7.50% decreasing to 6.00%)
$ 73,034	$ 83,124	$ 95,015

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

For the year ended June 30, 2023, the Cooperative recognized OPEB expense of $11,656. At June 30, 2023, the Cooperative 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	$ -	$ 12,843
Changes in Actuarial Assumptions	-	7,120
Contributions to OPEB Subsequent to the Measurement Date	2,565	-
Total	$ 2,565	$ 19,963

Note 4: Postemployment Benefits Other Than Pensions (Continued)

Deferred outflows of resources totaling $2,565 related to OPEB resulting from the Cooperatives contributions to the plan subsequent to the measurement date will be recognized as a reduction of the 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:

2024	$	(7,569)
2025		(4,132)
2026		(4,132)
2027		(4,130)

Note 5: Commitment

The Cooperative continues to bear a 10 percent risk liability for member's claims in the insurance pools. The Cooperative must use insurance reserves to pay for any negative settlements. The Cooperative's insurance reserve is now $8,607,419 which exceeds the 10 percent claims loss. The maximum loss based on this year's claims would be $4,952,764 ($49,527,641 X 10 percent).

Note 6: Joint Powers Agreement

Minnesota Services Cooperative (MSC - hereafter referred to as "the Agency") was established under a joint and cooperative agreement between Southeast Service Cooperative, Northwest Service Cooperative, Lakes Country Service Cooperative, Southwest/West Central Service Cooperative, Resource, Training and Solutions, Northeast Service Cooperative, South Central Service Cooperative and Metropolitan Educational Cooperative Service Unit (Metro ECSU) and Sourcewell. The general purpose of the Agency is to analyze and identify service opportunities and needs for the participating members as well as facilitate the creation and delivery of the determined programs.

The Agency's fiscal year runs from July 1 to June 30. The governing body of the Agency is made up of individuals from the member cooperatives. An annual budget is presented to and approved by the Board of Directors. Funds may be expended by the Board of Directors or the Executive Council in accordance with established laws and based on budget amounts.

In the event of dissolution of the Agency, assets and liabilities shall be divided among all members. An investment in joint venture is not recorded for MSC because there is no known or explicit method for dividing up the assets and liabilities of MSC in the event of dissolution. We cannot reasonably estimate the Cooperative's portion of MSC.

Note 6: Joint Powers Agreement (Continued)

In August 2017, the Cooperative agreed, along with six other cooperatives throughout the state of Minnesota, to establish a new joint powers entity. The purpose of this agreement is to permit the parties to establish a statewide joint powers entity with enumerated decision-making powers over regional health insurance pools, to purchase and hold a statewide stop-loss insurance policy at higher attachment points for lower fees, to permit limited commingling of Program Funds in a statewide reserve to permit stop loss insurance pooling at lower attachment points for members in regional health insurance pools, and to enter into statewide contracts with third party administrators, employees, consultants, actuaries, attorneys, lobbyists and other vendors. The board shall be comprised of two board members from each party to the agreement. One board member from each party shall be a current sitting member of that party's board of directors, and shall be appointed by the party's board of directors. The second board member shall be the then current Executive Director of that party and shall service in an ex-officio non-voting capacity.

During fiscal year 2021 the MHC amended their joint powers agreement to include a Small Employer Pool that commingles program funds across regional insurance pools to the extent authorized by the MHC Board of Directors into a statewide pool. The risk for this pool is with MHC with an intent to remain as one pool in the future. The Joint Venture Equity share for SSC is based on the number of regional contracts.

Note 7: Other Information

Risk Management

The Cooperative is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Cooperative carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNR). The Cooperative’s management is not aware of any incurred but not reported claims.

Southeast Minnesota Network Collaborative

Southeast Service Cooperative serves as a fiscal host for the Southeast Minnesota Network Collaborative (SEMNET). SEMNET is a group of Members that instituted a joint power agreement to develop and implement advanced telecommunications services.

MASA-Region I

Southeast Service Cooperative began serving as the fiscal host for MASA Region 1 July 1, 2020. MASA Region 1 is a group of regional superintendents from southeast Minnesota who are individual members of the statewide organization Minnesota Association of School Administrators (MASA). The regional funds are used for educational purposes for school leaders.

Note 8: Changes in Accounting Principle

For 2023, the Cooperative implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Agreements*. GASB Statement No. 96 enhances the relevance and consistency of information of the government's subscription-based IT activities. It establishes requirements for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. The Cooperative is required to recognize a subscription liability and an intangible right to use the asset. These changes were incorporated in the City's 2023 financial statements. The Cooperative's recognition of the beginning balances related to the subscription liability and the intangible right to use asset were equal balances and had no effect on the beginning net position of the Governmental Activities.

REQUIRED SUPPLEMENTARY
INFORMATION

SOUTHEAST SERVICE COOPERATIVE
INDEPENDENT SCHOOL DISTRICT NO. 921
ROCHESTER, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2023

Southeast Service Cooperative
Independent School District No. 921
Rochester, Minnesota
Required Supplementary Information
For the Year Ended June 30, 2023

Schedule of Employer's Share of TRA Net Pension Liability

Fiscal Year Ending	Cooperative's Proportion of the Net Pension Liability	Cooperative's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the Cooperative (b)	Total (a+b)	Cooperative's Covered Payroll (c)	Cooperative's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/22	0.0249 %	$ 1,993,860	$ 148,052	$ 2,141,912	$ 1,517,170	131.4 %	76.2 %
06/30/21	0.0251	1,098,451	92,584	1,191,035	1,480,357	74.2	86.6
06/30/20	0.0227	1,677,106	140,553	1,817,659	1,300,219	129.0	75.5
06/30/19	0.0182	1,160,072	102,608	1,262,680	1,017,024	114.1	78.2
06/30/18	0.0137	858,543	80,915	939,458	755,195	113.7	78.1
06/30/17	0.0122	2,435,341	235,780	2,671,121	655,973	371.3	51.6
06/30/16	0.0143	3,410,891	341,595	3,752,486	744,107	458.4	44.9
06/30/15	0.0144	890,782	109,491	1,000,273	756,173	117.8	76.8

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's TRA Contributions

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Cooperative's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
06/30/23	$ 143,967	$ 143,967	$ -	$ 1,683,825	8.55 %
06/30/22	126,532	126,532	-	1,517,170	8.34
06/30/21	120,353	120,353	-	1,480,357	8.13
06/30/20	102,977	102,977	-	1,300,219	7.92
06/30/19	78,413	78,413	-	1,017,024	7.71
06/30/18	56,640	56,640	-	755,195	7.50
06/30/17	49,198	49,198	-	655,973	7.50
06/30/16	55,808	55,808	-	744,107	7.50

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Notes to the Required Supplementary Information - TRA

Changes in Actuarial Assumptions

2022 – No changes noted.

2021 - The investment return assumption was changed from 7.50 percent to 7.00 percent

2020 - Assumed termination rates were changed to more closely reflect actual experience. The pre-retirement mortality assumption was changed to 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 - None

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. 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 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

2014 - The cost of living adjustment was assumed to increase from 2.0 percent annually to 2.5 percent annually on July 1, 2034.

Notes to the Required Supplementary Information – TRA (Continued)

Changes in Plan Provisions

2022 – No Changes noted.

2021 - No Changes noted.

2020 - No Changes noted.

2019 - No Changes noted.

2018 - The 2018 Omnibus Pension Bill contained a number of changes:

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

2017 – None

2016 – None

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

2014 - The increase in the post-retirement benefit adjustment (COLA) will be made once the plan is 90% funded (on a market value basis) in two consecutive years, rather than just one year.

Schedule of Employer's Share of PERA Net Pension Liability

Fiscal Year Ending	Cooperative's Proportion of the Net Pension Liability	Cooperative's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the Cooperative (b)	Total (a+b)	Cooperative's Covered Payroll (c)	Cooperative's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/22	0.0144 %	$ 1,140,485	$ 69,929	$ 1,210,414	$ 1,079,613	105.6 %	76.7 %
06/30/21	0.0129	550,888	16,831	567,719	931,840	59.1	87.0
06/30/20	0.0137	821,378	25,467	846,845	979,913	83.8	79.0
06/30/19	0.0123	680,039	21,166	701,205	873,878	77.8	80.2
06/30/18	0.0140	776,663	25,372	802,035	939,261	82.7	79.5
06/30/17	0.0148	944,822	11,884	956,706	953,739	99.1	75.9
06/30/16	0.0145	1,177,328	15,387	1,192,715	900,093	130.8	68.9
06/30/15	0.0119	616,720	-	616,720	685,653	89.9	78.2

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's PERA Contributions

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Cooperative's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
06/30/23	$ 76,993	$ 76,993	$ -	$ 1,026,573	7.5 %
06/30/22	80,971	80,971	-	1,079,613	7.5
06/30/21	69,888	69,888	-	931,840	7.5
06/30/20	73,493	73,493	-	979,913	7.5
06/30/19	65,541	65,541	-	873,878	7.5
06/30/18	70,445	70,445	-	939,261	7.5
06/30/17	71,530	71,530	-	953,739	7.5
06/30/16	67,507	67,507	-	900,093	7.5

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Notes to the Required Supplementary Information - PERA

Changes in Actuarial Assumptions

2022 – The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

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

2020 - The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%. Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older. The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. 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 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

Notes to the Required Supplementary Information – PERA (Continued)

Changes in Plan Provisions

2022 - There were no changes in plan provisions since the previous valuation.

2021 - There were no changes in plan provisions since the previous valuation.

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

2019 - The employer supplemental contribution was changed prospectively, decreasing from $31.0 million to $21.0 million per year. The state's special funding contribution was changed prospectively, requiring $16.0 million due per year through 2031.

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

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

2016 – None

2015 - 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.

Schedule of Changes in the Cooperative's Net OPEB Liability and Related Ratios

	2023	2022	2021
Total OPEB Liability			
Service Cost	$ 14,967	$ 14,531	$ 13,973
Interest	1,716	2,778	2,282
Assumption changes	-	(9,611)	0
Differences between expected and actual experience	-	(15,179)	0
Benefit payments	(600)	(1,116)	(541)
Net Change in total OPEB Liability	16,083	(8,597)	15,714
Total OPEB liability - beginning	67,041	75,638	59,924
Total Opeb Liability - Ending	$ 83,124	$ 67,041	$ 75,638
Covered - employee payroll	$ 2,751,392	$ 2,671,254	$ 2,400,170
Cooperative's net OPEB liability (asset) as a percentage of covered employee payroll	3.02%	2.51%	3.15%

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Changes in Actuarial Assumptions

2022 - None

2021 – The healthcare trend rate, mortality tables, terminations rates, and salary increase rates were updated. The discount rate was changed from 3.10% to 2.10%.

2020 - None

2019 - 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%

2018 - None

2017 - The health care trend rates were changed to better anticipate short term and long term medical increases. The mortality table was updated from RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with the MP-2016 Generational Improvement Scale. The discount rate was changed from 3.5% to 3.4%.

Schedule of Changes in the Cooperative's Net OPEB Liability and Related Ratios (Continued)

Changes in Method

2022 - None

2021 - None

2020 - None

2019 - None

2018 - None

2017 - The actuarial cost method was changed from projected unit credit to entry age as prescribed by GASB 75

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COMBINING FUND SCHEDULES
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SOUTHEAST SERVICE COOPERATIVE
INDEPENDENT SCHOOL DISTRICT NO. 921
ROCHESTER, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2023

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Southeast Service Cooperative
Independent School District No. 921
Rochester, Minnesota
Combining Schedule of Revenues, Expenses and Changes in Net Position
Risk Management Cost Centers
For the Year Ended June 30, 2023

	09-200 Health Insurance - Mid-Year Pool	**09-220** Health Insurance - January 1 Pool	**09-201** Health Insurance - Operating	Total
Operating Revenues				
Insurance premiums	$ 4,192,169	$ 51,720,497	$ -	$ 55,912,666
Administrative fees	-	-	2,655,936	2,655,936
Total Operating Revenues	4,192,169	51,720,497	2,655,936	58,568,602
Operating Expenses				
Salaries	-	-	54,768	54,768
Employee benefits	-	-	32,027	32,027
Contracted services	-	-	519,850	519,850
Communication	-	-	981	981
Occupancy	-	-	13,062	13,062
Travel	-	-	6,861	6,861
Printing	-	-	233	233
Administration	-	-	796,797	796,797
Insurance claims and administrative fees	3,875,036	58,916,720	-	62,791,756
Total Operating Expenses	3,875,036	58,916,720	1,424,579	64,216,335
Operating Income (Loss)	317,133	(7,196,223)	1,231,357	(5,647,733)
Nonoperating Revenues				
Interest income (loss)	31,972	229,359	87,669	349,000
Change in Net Position	$ 349,105	$ (6,966,864)	$ 1,319,026	$ (5,298,733)

Southeast Service Cooperative
Independent School District No. 921
Rochester, Minnesota
Combining Schedule of Revenues, Expenses and Changes in Net Position
Member Services Cost Centers
For the Year Ended June 30, 2023

	01-105 General Administrative	01-109 Wood Lake Meeting Center	01-210 Benefit Services	01-217 Regional Center of Excellence	01-219 Regional Center Center of Excellence-State	01-308 Rural CTE State Grant	01-312 YST Grant	01-501 SHIP Grant	01-579 Mobile Science Lab	01-600 Facilities Management	01-603 WorkForce Development
Operating Revenues											
Fees from patrons	$ 116,870	$ 95,397	$ -	$ -	$ -	$ -	$ 1,470	$ -	$ 5,125	$ 102,539	$ -
Grants											
Local	-	-	-	-	-	-	-	-	35,000	-	40,500
State	-	-	-	-	91,356	324,244	52,883	12,809	-	-	-
Federal	-	-	-	2,339,195	-	-	-	-	-	-	-
Sales and other conversion of assets	-	-	-	-	-	-	-	-	-	-	-
Administrative fees	-	-	31,094	-	-	-	-	-	-	-	-
Total Operating Revenues	116,870	95,397	31,094	2,339,195	91,356	324,244	54,353	12,809	40,125	102,539	40,500
Operating Expenses											
Salaries	591,421	50,704	1,521	1,465,910	49,614	208,214	5,454	8,667	993	726	19,142
Employee benefits	223,029	24,211	803	519,785	16,607	98,586	3,035	4,685	531	337	11,904
Contracted services	265,243	1,627	16,831	758	-	36,912	42,708	-	-	20,865	35,964
Supplies	(3,070)	4,816	-	3,234	69	437	-	-	11,921	-	-
Equipment	71,023	17,185	-	19,180	-	-	-	-	85	-	2,160
Communication	9,237	514	27	18,722	2,331	14,143	359	375	17	28	1,894
Occupancy	32,782	34,892	40	17,590	-	-	-	-	10,957	32,107	-
Travel	56,419	32	-	110,450	11,016	4,769	1,702	688	129	134	1,130
Printing	600	41	-	2,493	-	-	1	25	3	1	13
Other	18,135	-	-	-	-	-	-	-	-	-	-
Administration	(1,053,148)	1,702	236	173,274	11,719	12,000	-	165	343	672	430
Depreciation/amortization	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	211,671	135,724	19,458	2,331,396	91,356	375,061	53,259	14,605	24,979	54,870	72,637
Operating Income (Loss)	(94,801)	(40,327)	11,636	7,799	-	(50,817)	1,094	(1,796)	15,146	47,669	(32,137)
Nonoperating Revenues (Expenses)											
Interest income	130,861	-	-	-	-	-	-	-	-	-	-
Gain on disposal of capital assets	-	-	-	-	-	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	130,861	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Net Position	$ 36,060	$ (40,327)	$ 11,636	$ 7,799	$ -	$ (50,817)	$ 1,094	$ (1,796)	$ 15,146	$ 47,669	$ (32,137)

01-609 Coop Purchasing	01-612 STEM Forward	01-614 Professional Development	01-615 Student Academics	01-621 Marketing/Media Services	01-635 Carl Perkins	01-639 Health Screening	01-650 MN Dept of Health Grant	01-672 MN STEM Ecosystem	01-695 Project MOMENTUM	01-701 SE Minnesota Together	Adjustment to Accrual	Total
$ -	$ 48,050	$ 303,061	$ 154,186	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 826,698
-	-	-	-	-	-	-	-	-	-	15,724	-	91,224
-	-	-	-	-	-	-	-	-	-	-	-	481,292
-	-	-	-	-	117,065	-	221,798	23,039	211,684	-	-	2,912,781
148,940	-	-	-	-	-	-	-	-	-	-	-	148,940
-	-	-	-	-	-	-	-	-	-	-	-	31,094
148,940	48,050	303,061	154,186	-	117,065	-	221,798	23,039	211,684	15,724	-	4,492,029
227	28,945	76,209	70,963	2,173	31,123	(10,246)	76,564	13,192	87,931	884	-	2,780,331
121	15,129	26,470	40,213	1,848	18,535	(4,563)	23,724	3,742	18,892	911	(1,778)	1,046,757
-	1,215	240,089	24,651	57	4,502	50	81,758	114	68,623	11,197	-	853,164
-	9	12	3,574	247	-	-	15	15	1,428	-	-	22,707
-	-	-	580	-	52,861	-	541	3,198	6,916	-	(38,503)	135,226
3	722	1,608	994	1,549	1,336	(296)	3,023	331	1,562	524	-	59,003
2	2,554	5,442	33,616	-	-	-	-	-	-	-	-	169,982
-	4,898	21,055	6,659	-	8,706	(839)	11,750	-	9,257	1,043	(26,138)	222,860
-	54	41	442	2	2	-	7,474	-	354	-	-	11,546
-	-	-	-	-	-	-	16,430	2,447	15,681	-	-	52,693
4	783	5,116	2,765	-	-	-	-	-	-	1,165	-	(842,774)
-	-	-	-	-	-	-	-	-	-	-	204,542	204,542
357	54,309	376,042	184,457	5,876	117,065	(15,894)	221,279	23,039	210,644	15,724	138,123	4,716,037
148,583	(6,259)	(72,981)	(30,271)	(5,876)	-	15,894	519	-	1,040	-	(138,123)	(224,008)
-	-	-	-	-	-	-	-	-	-	-	-	130,861
-	-	-	-	-	-	-	-	-	-	-	30,005	30,005
-	-	-	-	-	-	-	-	-	-	-	30,005	160,866
$ 148,583	$ (6,259)	$ (72,981)	$ (30,271)	$ (5,876)	$ -	$ 15,894	$ 519	$ -	$ 1,040	$ -	$ (108,118)	$ (63,142)

Fiscal Compliance Report - 6/30/2023
District: REGION 10 - SOUTHEAST EC (921-83)

	Audit	UFARS	Audit - UFARS
01 GENERAL FUND			
Total Revenue	$4,622,890	$4,622,890	$0
Total Expenditures	$4,724,201	$4,724,201	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.01 Student Activities	$0	$0	$0
4.02 Scholarships	$0	$0	$0
4.03 Staff Development	$0	$0	$0
4.07 Capital Projects Levy	$0	$0	$0
4.08 Cooperative Revenue	$0	$0	$0
4.13 Funded by COP/FP	$0	$0	$0
4.14 Operating Debt	$0	$0	$0
4.16 Levy Reduction	$0	$0	$0
4.17 Taconite Building Maint	$0	$0	$0
4.24 Operating Capital	$0	$0	$0
4.26 $25 Taconite	$0	$0	$0
4.27 Disabled Accessibility	$0	$0	$0
4.28 Learning & Development	$0	$0	$0
4.34 Area Learning Center	$0	$0	$0
4.35 Contracted Alt. Programs	$0	$0	$0
4.36 State Approved Alt. Program	$0	$0	$0
4.38 Gifted & Talented	$0	$0	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.41 Basic Skills Programs	$0	$0	$0
4.48 Achievement and Integration	$0	$0	$0
4.49 Safe Schools Levy	$0	$0	$0
4.51 QZAB Payments	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
4.53 Unfunded Sev & Retiremt Levy	$0	$0	$0
4.59 Basic Skills Extended Time	$0	$0	$0
4.67 LTFM	$0	$0	$0
4.72 Medical Assistance	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
4.75 Title VII Impact Aid	$0	$0	$0
4.76 Payments in Lieu of Taxes	$0	$0	$0
Committed:			
4.18 Committed for Separation	$0	$0	$0
4.61 Committed Fund Balance	$0	$0	$0
Assigned:			
4.62 Assigned Fund Balance	$0	$0	$0
Unassigned:			
4.22 Unassigned Fund Balance	$7,064,340	$7,064,339	$1
02 FOOD SERVICES			
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.52 OPEB Liab Not In Trust	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0

	Audit	UFARS	Audit - UFARS
06 BUILDING CONSTRUCTION			
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.07 Capital Projects Levy	$0	$0	$0
4.13 Funded by COP/FP	$0	$0	$0
4.67 LTFM	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0
07 DEBT SERVICE			
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.25 Bond Refundings	$0	$0	$0
4.33 Maximum Effort Loan Aid	$0	$0	$0
4.51 QZAB Payments	$0	$0	$0
4.67 LTFM	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0
08 TRUST			
Total Revenue	$686,762	$686,763	($1)
Total Expenditures	$674,668	$674,669	($1)
Restricted / Reserved:			
4.01 Student Activities	$0	$0	$0
4.02 Scholarships	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$127,231	$127,231	$0
18 CUSTODIAL			
Total Revenue	$10,927	$10,926	$1
Total Expenditures	$6,553	$6,552	$1
Restricted / Reserved:			
4.01 Student Activities	$0	$0	$0
4.02 Scholarships	$0	$0	$0
4.48 Achievement and Integration	$0	$0	$0
4.64 Restricted Fund Balance	$18,026	$18,026	$0
20 INTERNAL SERVICE			
Total Revenue	$59,266,707	$59,266,708	($1)
Total Expenditures	$64,560,301	$64,560,301	$0
4.22 Unassigned Fund Balance (Net Assets)	$8,636,120	$8,636,120	$0
25 OPEB REVOCABLE TRUST			
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0

Unassigned:			
4.63 Unassigned Fund Balancee	$0	$0	$0

04 COMMUNITY SERVICE

Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.26 $25 Taconite	$0	$0	$0
4.31 Community Education	$0	$0	$0
4.32 E.C.F.E	$0	$0	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.44 School Readiness	$0	$0	$0
4.47 Adult Basic Education	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0

45 OPEB IRREVOCABLE TRUST

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

47 OPEB DEBT SERVICE

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

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SINGLE AUDIT AND OTHER
REQUIRED REPORTS

SOUTHEAST SERVICE COOPERATIVE
ROCHESTER, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Directors
Southeast Service Cooperative
Independent School District No. 921
Rochester, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of each major enterprise fund of the Southeast Service Cooperative, Rochester, Minnesota, (the Cooperative) as of and for the year ended June 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated November 9, 2023.

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

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

Abdo
Mankato, Minnesota
November 9, 2023

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

Board of Directors
Southeast Service Cooperative
Independent School District No. 921
Rochester, 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 financial statements of each major enterprise fund of the Southeast Service Cooperative, Rochester, Minnesota, (the Cooperative), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Cooperative's basic financial statements, and have issued our report thereon dated November 9, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance And Other Matters

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

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 Cooperative'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 Cooperative's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Abdo
Mankato, Minnesota
November 9, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Southeast Service Cooperative
Rochester, Minnesota

Opinion on Each Major Federal Program

We have audited **Southeast Service Cooperative**, Rochester, Minnesota's (the Cooperative) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Cooperative's major federal programs for the year ended June 30, 2023. The Cooperative's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Cooperative complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 the Cooperative and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Cooperative'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 Cooperative's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Cooperative '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 the Cooperative's compliance with the requirements of each 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 the Cooperative's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Cooperative's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Abdo

Abdo
Mankato, Minnesota
November 9, 2023

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Southeast Service Cooperative
Independent School District No. 921
Rochester, Minnesota
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Awarding Agency	Pass - through Entity	Program Name	Federal Domestic Assistance Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Education	Minnesota Department of Education	Title 1 Grants to Local Educational Agencies (Part A)	84.010	S010A190023	$ 2,362,234
U.S. Department of Education	Minnesota Department of Education	Career and Technical Education Basic Grants to States (Perkins V)	84.048		117,065
U.S. Department of Education	Minnesota Department of Education	English Language Acquisition State (	84.365		211,684
U.S. Department of Health and Human Services	Minnesota Department of Health	Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354		221,798
				Total Expended	$ 2,912,781

Southeast Service Cooperative
Independent School District No. 921
Rochester, Minnesota
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Southeast Service Cooperative, Rochester, Minnesota (the Cooperative). The Cooperative's reporting entity is defined in Note 1A to the Cooperative's financial statements. 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). All federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies are included on the schedule.

Note 2: Summary of Significant Accounting Policies for Expenditures

Expenditures reported on this schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, Cost Principles for Non-Profit-Organizations, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Pass-through Entity Identifying Numbers

Pass-through entity identifying numbers, if any, are presented where available.

Note 4: Subrecipients

No federal expenditures presented in this schedule were provided to subrecipients.

Note 5: Indirect Cost Rate

During the year ended June 30, 2023, the Cooperative did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Southeast Service Cooperative
Independent School District No. 921
Rochester, Minnesota
Schedule of Findings, Responses and Questioned Costs
For the Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Identification of Major Programs/Projects	**CFDA No.**
Title I Grants to Local Education Agencies (Part A)	84.010

Dollar threshold used to distinguish between Type A and Type B Programs	$ 750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

None

Section III - Major Federal Award Findings and Questioned Costs

There are no significant deficiencies, material weaknesses, or instances of noncompliance including questioned costs that are required to be reported in accordance with Uniform Guidance.