

INDEPENDENT SCHOOL DISTRICT NO. 831
FOREST LAKE, MINNESOTA

Financial Statements
and Supplementary Information

Year Ended
June 30, 2024

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INDEPENDENT SCHOOL DISTRICT NO. 831

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INTRODUCTORY SECTION

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INDEPENDENT SCHOOL DISTRICT NO. 831

School Board and Administration
Year Ended June 30, 2024

SCHOOL BOARD

	Board Position During 2023–2024
<hr/>	
Robert Rapheal	Chairperson (President)
Jeff Peterson	Vice Chairperson (Vice President)
Jill Christenson	Clerk
Julie Corcoran	Treasurer
Luke Hagglund	Director
Curt Rebelein	Director
Gail Theisen	Director

ADMINISTRATION

Dr. Steven Massey	Superintendent
Chrissy Rehnberg-Eide	Director of Business Services

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FINANCIAL SECTION

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PRINCIPALS

Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
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Victoria L. Holinka, CPA/CMA
Jaclyn M. Huegel, CPA
Kalen T. Karnowski, CPA

INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Independent School District No. 831
Forest Lake, Minnesota

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINIONS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 831 (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

BASIS FOR OPINIONS

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

EMPHASIS OF MATTER

Change in Accounting Principle

As described in Note 1 of the notes to basic financial statements, in fiscal 2024, the District adopted new accounting guidance in capitalizing purchases of groups of similar assets in the current year. Our opinion is not modified with respect to this matter.

(continued)

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

(continued)

REQUIRED SUPPLEMENTARY INFORMATION

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information (RSI), as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI 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 District's basic financial statements. The accompanying combining and individual fund financial statements and schedules and the Schedule of Expenditures of Federal Awards required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table is presented for purposes of additional analysis as required by the Minnesota Department of Education, and is also not a required part of the basic financial statements of the District. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, the Schedule of Expenditures of Federal Awards, and the UFARS Compliance Table are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER INFORMATION

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

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

(continued)

PRIOR YEAR COMPARATIVE INFORMATION

We have previously audited the District's 2023 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated December 22, 2023. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Malloy, Montague, Karnowski, Radosevich & Co., P. A.

Minneapolis, Minnesota
November 25, 2024

INDEPENDENT SCHOOL DISTRICT NO. 831

Management's Discussion and Analysis Year Ended June 30, 2024

This section of Independent School District No. 831's (the District) annual financial statements presents management's narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2024. Please read it in conjunction with the other components of the District's annual financial statements.

FINANCIAL HIGHLIGHTS

- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2024 by \$10,436,363 (deficit net position). The District's total net position increased by \$14,084,337 during the fiscal year ended June 30, 2024.
- Government-wide revenues totaled \$118,157,464 and were \$13,702,871 more than expenses of \$104,454,593.
- The District adopted new accounting guidance for capital assets in the current year, which increased beginning net position by \$381,466. This change is further described in Note 1 of the notes to basic financial statements.
- The General Fund's total fund balance (under the governmental fund presentation) increased by \$7,221,461 from the prior year, compared to an increase of \$6,653,342 planned in the budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual financial statements consists of the following parts:

- Independent Auditor's Report;
- Management's discussion and analysis;
- Basic financial statements, including the government-wide financial statements, fund financial statements, and the notes to basic financial statements;
- Required supplementary information; and
- Supplementary information consisting of combining and individual fund statements and schedules.

The following explains the two types of statements included in the basic financial statements:

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information about the District as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position includes *all* of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, except for the fiduciary funds. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

- Over time, increases or decreases in the District's net position are indicators of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District requires consideration of additional nonfinancial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, the District's activities are shown in one category titled "governmental activities." These activities, including regular and special education instruction, transportation, administration, food services, and community education, are primarily financed with state aids and property taxes.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*—focusing on its most significant or "major" funds, rather than the District as a whole. Funds (Food Service Special Revenue and Community Service Special Revenue) that do not meet the threshold to be classified as major funds are called "nonmajor" funds. Detailed financial information for nonmajor funds can be found in the supplementary information section.

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. For Minnesota schools, funds are established in accordance with Uniform Financial Accounting and Reporting Standards in accordance with Minnesota statutory requirements and accounting principles generally accepted in the United States of America. Some funds are required by state law and by bond covenants. The District can establish other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

The District maintains the following kinds of funds:

Governmental Funds – The District's basic services are included in governmental funds, which generally focus on: 1) how *cash and other financial assets* that can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. Consequently, the governmental fund financial statements provide a detailed *short-term* view that helps to determine whether there are more or less financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, we provide additional information (reconciliation schedules) immediately following the governmental fund financial statements that explain the relationship (or differences) between these two types of financial statement presentations.

Proprietary Funds – The District maintains one type of proprietary fund. The internal service funds are used as an accounting device to accumulate and allocate costs internally among the District's various functions. The District uses internal service funds to account for the self-insurance activities of district employees' medical and dental claims. These services have been included within governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary Funds – The District is the trustee, or fiduciary, for assets that belong to other organizations. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1 is a summarized view of the District's Statement of Net Position:

	2024	2023
Assets		
Current and other assets	\$ 77,513,024	\$ 48,748,910
Capital assets, net of depreciation/amortization	203,247,283	207,515,602
Total assets	\$ 280,760,307	\$ 256,264,512
Deferred outflows of resources		
Bond refunding deferments	\$ 248,993	\$ 287,552
OPEB plan deferments	339,668	451,561
Pension plan deferments	13,460,706	18,907,293
Total deferred outflows of resources	\$ 14,049,367	\$ 19,646,406
Liabilities		
Current and other liabilities	\$ 18,292,371	\$ 17,743,868
Long-term liabilities, including due within one year	243,840,074	235,767,710
Total liabilities	\$ 262,132,445	\$ 253,511,578
Deferred inflows of resources		
OPEB plan deferments	\$ 2,673,605	\$ 3,064,903
Pension plan deferments	6,784,132	13,217,183
Property taxes levied for subsequent year	33,655,855	30,637,954
Total deferred inflows of resources	\$ 43,113,592	\$ 46,920,040
Net position		
Net investment in capital assets	\$ 42,516,961	\$ 44,945,857
Restricted	6,614,156	2,566,827
Unrestricted	(59,567,480)	(72,033,384)
Total net position	\$ (10,436,363)	\$ (24,520,700)

The District's financial position is the product of many factors. For example, the determination of the District's net investment in capital assets involves many assumptions and estimates, such as current and accumulated depreciation/amortization amounts. A conservative versus liberal approach to depreciation/amortization estimates, as well as capitalization policies, will produce a significant difference in the calculated amounts. The other major factor in determining net position, as compared to fund balances, is the liability for long-term severance, pension, and other post-employment benefits (OPEB), which impacts the unrestricted portion of net position.

The District's decrease in net investment in capital assets is due mostly to the relationship between the rate at which the District's capital assets are being added, depreciated/amortized, and how that compares to the rate at which the District is repaying the debt issued to purchase or construct those assets. The District's increase in net position restricted for capital asset acquisition, debt service, food service, community service, and other state funding restrictions, contributed to the increase in the restricted portion of net position. The change in the District's share of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans contributed to the change in deferred outflows of resources, long-term liabilities, deferred inflows of resources, and unrestricted net position. Positive operations in the General Fund also contributed to the increase in unrestricted net position.

Table 2 presents a summarized version of the District's Statement of Activities:

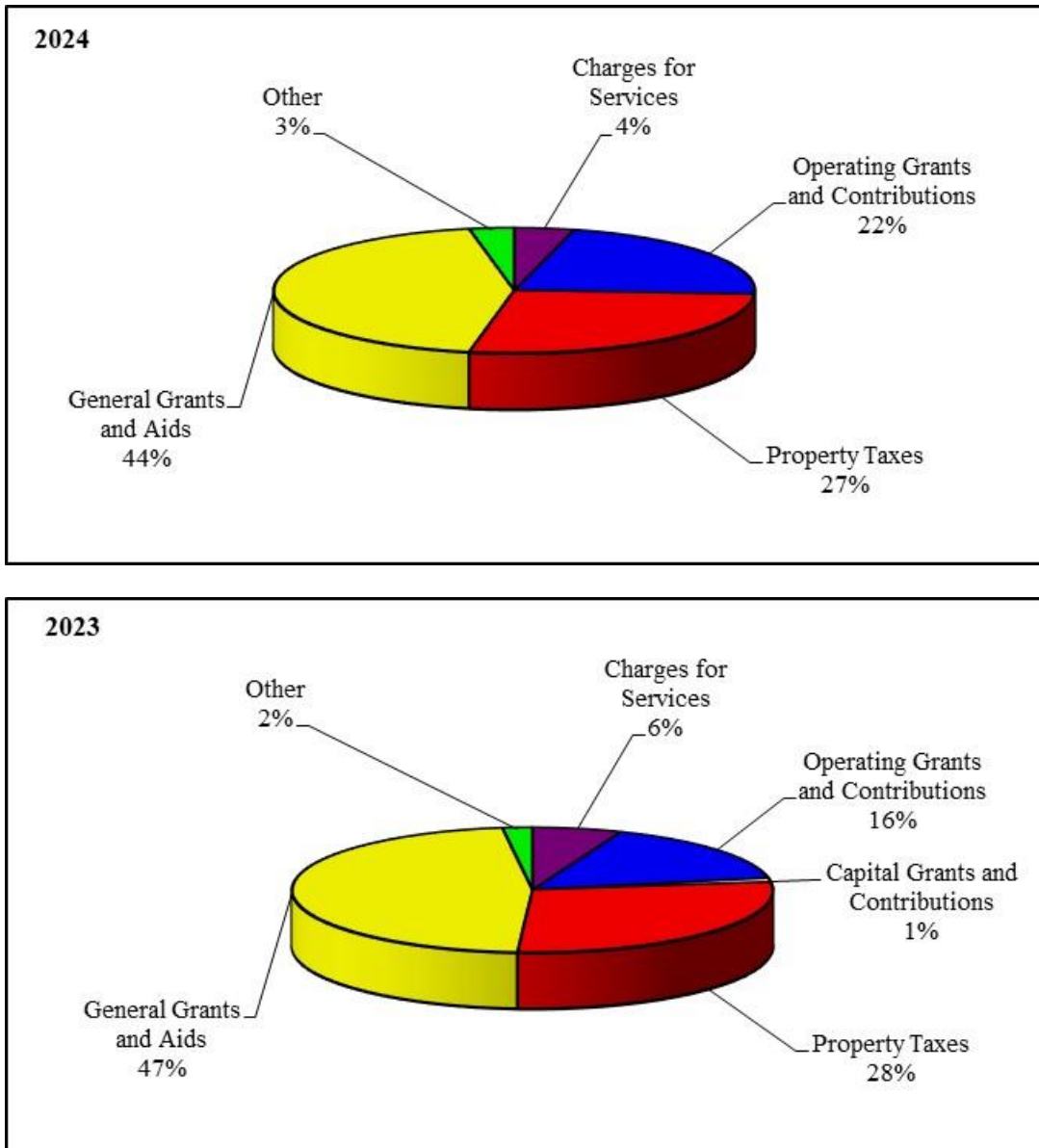
Table 2		
Summary Statement of Activities		
for the Years Ended June 30, 2024 and 2023		
	<u>2024</u>	<u>2023</u>
Revenues		
Program revenues		
Charges for services	\$ 5,250,937	\$ 6,693,331
Operating grants and contributions	25,654,194	17,295,883
Capital grants and contributions	-	1,276,700
General revenues		
Property taxes	31,797,690	29,548,749
General grants and aids	52,114,353	51,068,090
Other	3,340,290	2,214,848
Total revenues	<u>118,157,464</u>	<u>108,097,601</u>
Expenses		
Administration	3,670,141	3,000,486
District support services	3,194,988	3,270,369
Elementary and secondary regular instruction	27,231,839	22,911,656
Vocational education instruction	1,289,867	1,158,013
Special education instruction	16,184,175	13,355,477
Instructional support services	6,008,005	5,401,683
Pupil support services	12,839,041	12,669,291
Sites and buildings	8,218,905	8,323,000
Fiscal and other fixed cost programs	834,214	652,894
Food service	5,487,028	5,097,442
Community service	5,519,083	5,041,758
Depreciation and amortization not allocated to other functions	7,827,137	8,050,402
Interest and fiscal charges	6,150,170	5,316,029
Total expenses	<u>104,454,593</u>	<u>94,248,500</u>
Change in net position	13,702,871	13,849,101
Net position – beginning, as previously reported	(24,520,700)	(38,369,801)
Change in accounting principle	381,466	-
Net position – beginning, as restated	<u>(24,139,234)</u>	<u>(38,369,801)</u>
Net position – ending	<u>\$ (10,436,363)</u>	<u>\$ (24,520,700)</u>

This table is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation/amortization expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

Revenues increased by \$10,059,863 in the current year. The District recognized more special education funding and more state funding for child nutrition, contributing to the increase in operating grants and contributions. The increase in the approved levy contributed to the change in property taxes. Additional funding for the basic general education formula allowance and basic skills increased general grants and aids. Other revenues were up largely in investment earnings with improved returns on cash and investments held by the District. Expenses were up compared to the prior year, due primarily to changes in state-wide pension plans and natural inflationary increases.

Figure A shows further analysis of these revenue sources:

Figure A – Sources of Revenues for Fiscal Years 2024 and 2023

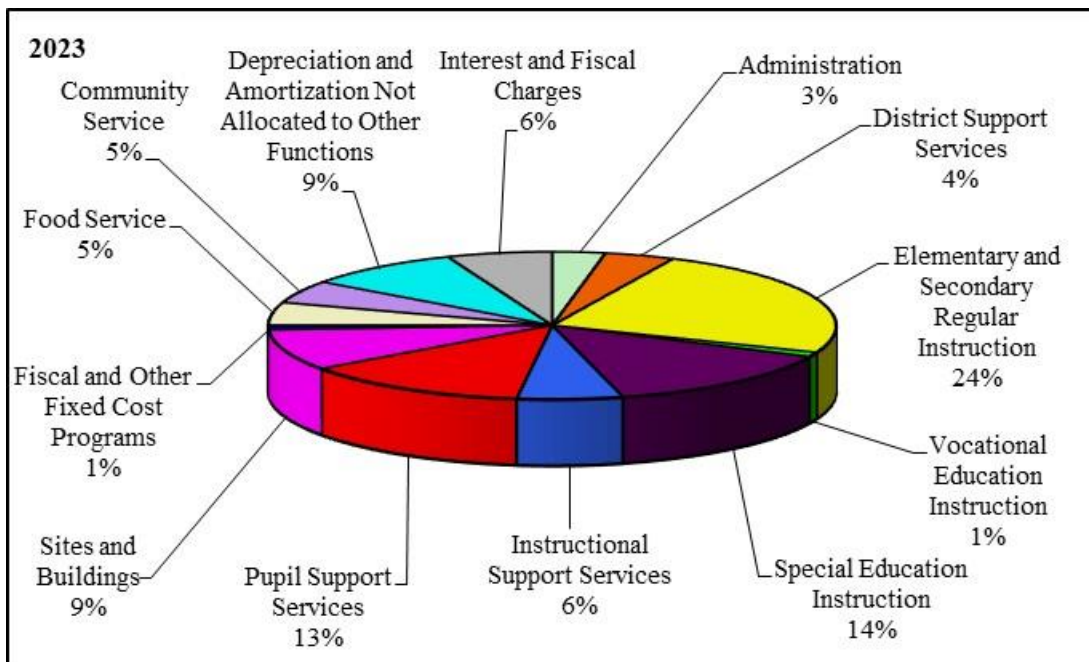
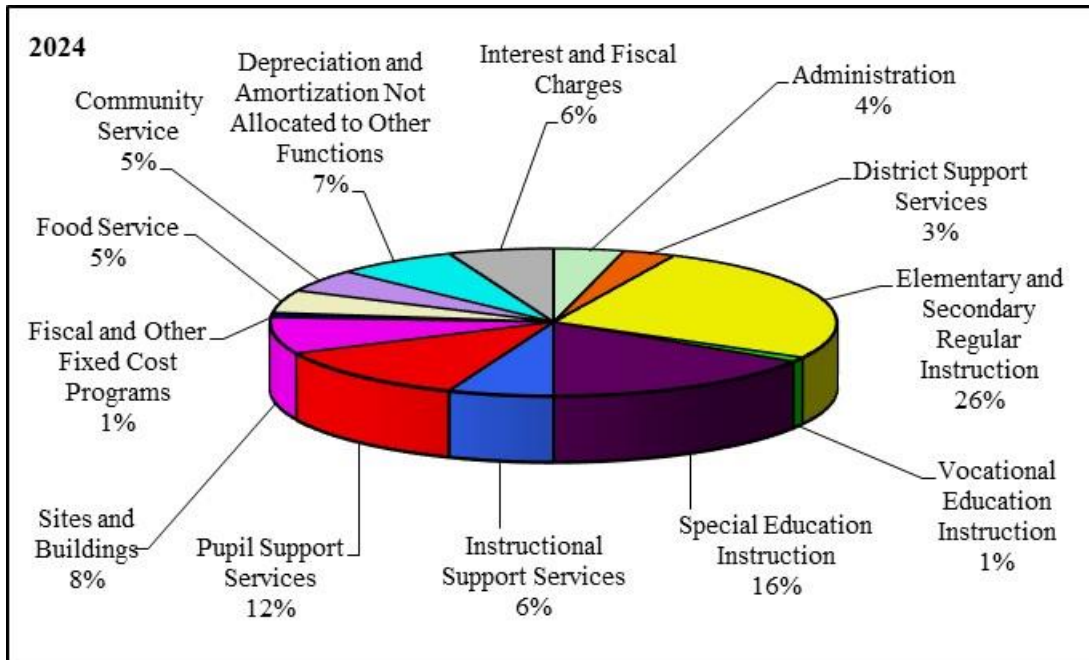


The largest share of the District’s revenue is received from the state, including the general education aid formula and most of the operating grants.

Property taxes are generally the next largest source of funding. The level of revenue property tax sources provide is not only dependent on district taxpayers by way of operating and building referenda, but also by decisions made by the Legislature in the mix of state aid and local effort in a variety of funding formulas.

Figure B shows further analysis of the expense functions:

Figure B – Expenses for Fiscal Years 2024 and 2023



The District's expenses are predominately related to educating students. Programs (or functions), such as elementary and secondary regular instruction, vocational education instruction, special education instruction, and instructional support services are directly related to classroom instruction, while the rest of the programs support instruction and other necessary costs to operate the District. The shift in expenses between programs compared to prior year was largely due to changes in the TRA state-wide pension plan obligations.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is also reflected in its governmental funds. Table 3 shows the change in total fund balances of each of the District's governmental funds:

	<u>2024</u>	<u>2023</u>	<u>Change</u>
Major funds			
General Fund	\$ 7,583,836	\$ 362,375	\$ 7,221,461
Capital Projects – Building Construction	15,781,669	(265,876)	16,047,545
Debt Service	3,899,078	2,005,031	1,894,047
Nonmajor funds			
Food Service Special Revenue	1,231,702	744,103	487,599
Community Service Special Revenue	<u>1,771,764</u>	<u>1,623,801</u>	<u>147,963</u>
 Total governmental funds	 <u>\$ 30,268,049</u>	 <u>\$ 4,469,434</u>	 <u>\$ 25,798,615</u>

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance that has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District's School Board.

At June 30, 2024, the District's governmental funds reported combined fund balances of \$30,268,049, an increase of \$25,798,615 in comparison with the prior year. Approximately 16.5 percent of this amount (\$5,005,200) constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is either nonspendable, restricted, or assigned to indicate that it is: 1) not in spendable form (\$196,893), 2) restricted for particular purposes (\$24,888,468), or 3) assigned for particular purposes (\$177,488).

Changes in the table above are discussed on the following pages.

ANALYSIS OF THE GENERAL FUND

Table 4 summarizes the amendments to the General Fund budget:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Change</u>	<u>Percent Change</u>
Revenues	<u>\$ 84,100,000</u>	<u>\$ 92,459,308</u>	<u>\$ 8,359,308</u>	<u>9.9 %</u>
Expenditures	<u>\$ 84,100,000</u>	<u>\$ 85,805,966</u>	<u>\$ 1,705,966</u>	<u>2.0 %</u>

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to above as the original budget. During the year, the District amended the budget for known significant changes in circumstances such as: updated enrollment estimates, legislative changes, additional funding received from grants or other local sources, staffing changes, employee contract settlements, insurance premium changes, special education tuition changes, or for new debt issued.

Table 5 summarizes the operating results of the General Fund:

	<u>2024 Actual</u>	<u>Over (Under) Final Budget</u>		<u>Over (Under) Prior Year</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Revenues and other financing sources	\$ 95,481,225	\$ 3,021,917	3.3 %	\$ 6,042,366	6.8 %
Expenditures and other financing uses	<u>88,259,764</u>	\$ 2,453,798	2.9 %	\$ (2,661,031)	(2.9) %
Net change in fund balances	<u>\$ 7,221,461</u>				

The fund balance of the General Fund increased \$7,221,461, compared to an increase of \$6,653,342 approved in the final budget.

The largest revenue and other financing sources variance to budget occurred in other financing sources, other local sources, and state sources. Other financing sources were over budget, mainly due to proceeds recognized on new leases for equipment in the current year. Other local sources (such as donations, activity fees, and local grants) exceeded budget, due to conservative budgeting for these inconsistent revenue sources. State sources were over budget, mainly in special education aid. The increase from the prior year was mainly in state sources and property taxes. State sources increased over the prior year with more special education and basic skills funding in fiscal 2024. Property taxes were up as anticipated with the approved levy in the current year.

The expenditure variance to budget was spread across several categories with the largest variance in employee benefits and capital expenditures. Expenditures in employee benefits were over budget, mainly in health insurance costs. Capital expenditures were over budget, due to new leases recognized in the current year under the lease standard reporting. Expenditures and other financing uses decreased from the prior year, with fewer equipment leases issued and recognized in the current year, and due to the timing of long-term facilities maintenance projects. These decreases were offset by an increase in personnel costs, due to contractually-approved salary and employee benefits.

COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER FUNDS

Capital Projects – Building Construction Fund

The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities financed with voter-approved building bonds, certificates of participation, and as authorized by the District’s long-term facilities maintenance program as approved by the Minnesota Department of Education. At June 30, 2024, the District had a fund balance of \$15,781,669 restricted for long-term facilities maintenance. Fund balance increased \$16,047,545 during the year, due to the issuance of bonds to finance the acquisition and betterment of school sites and facilities.

Debt Service Fund

Debt Service Fund revenues and other financing sources exceeded expenditures by \$1,894,047 in the current year, compared to a \$469,951 fund balance increase anticipated in the budget. The funding of the Debt Service Fund is largely controlled with each individual debt obligation’s financing plan. The remaining fund balance of \$3,899,078 at June 30, 2024 is available for meeting future debt service obligations.

Food Service Special Revenue Fund

The Food Service Special Revenue Fund ended the year with revenues and other financing sources exceeding expenditures, increasing equity by \$487,599, compared to a planned fund balance increase of \$197,636. Revenues were over budget with more participation than projected and conservative budgeting. Expenditures were also more than projected, mainly in supplies and materials (including food) costs.

Community Service Special Revenue Fund

The Community Service Special Revenue Fund ended the year with revenues exceeding expenditures, increasing equity by \$147,963, compared to a planned fund balance decrease of \$261,700. The variance to budget was primarily in revenues from state sources and investment earnings due to conservative budgeting. Expenditures were under budget, mainly in salaries and employee benefits offset by supplies and materials and purchased services.

Internal Service Funds

Internal service funds are used to account for the financing of goods and services provided by one department or agency of a government to other departments or agencies on a cost-reimbursement basis. The District currently maintains two internal service funds used to account for the District’s self-insured health and dental insurance functions.

Operating revenues for the internal service funds for fiscal 2024 totaled \$9,496,772. Operating expenses totaled \$9,758,176 for self-insured health and dental benefit claims. The internal service funds also reported \$19,379 in investment earnings in the current year.

The internal service funds had a net position deficit as of June 30, 2024 of \$2,297,976, which represents a decrease of \$242,025 in net position from the prior year. This decrease was due to health benefit claims in the current year exceeding premiums collected.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

Table 6 shows the District’s capital assets, together with changes from the previous year. The table also shows the total depreciation/amortization expense for fiscal years ended June 30, 2024 and 2023:

Table 6 Capital Assets			
	<u>2024</u>	<u>2023</u>	<u>Change</u>
Land	\$ 3,162,426	\$ 3,162,426	\$ –
Construction in progress	1,588,653	5,849,451	(4,260,798)
Buildings	78,602,259	78,602,259	–
Leased buildings	528,394	528,394	–
Building and land improvements	204,464,209	196,059,099	8,405,110
Furniture and equipment	28,977,505	27,328,795	1,648,710
Leased furniture and equipment	4,492,119	5,868,847	(1,376,728)
Technology subscriptions	732,532	732,532	–
Intangibles	1,895,000	1,895,000	–
Less accumulated depreciation/amortization	<u>(121,195,814)</u>	<u>(112,511,201)</u>	<u>(8,684,613)</u>
Total	<u><u>\$ 203,247,283</u></u>	<u><u>\$ 207,515,602</u></u>	<u><u>\$ (4,268,319)</u></u>
Depreciation/amortization expense	<u><u>\$ 10,077,906</u></u>	<u><u>\$ 10,275,662</u></u>	<u><u>\$ (197,756)</u></u>

By the end of fiscal year 2024, the District had invested in a broad range of capital assets, including school buildings, athletic facilities, and other equipment for various instructional programs (see Table 6).

The changes presented in the table above reflect the ongoing activity of projects at district sites during fiscal year 2024, including the activity of the Capital Projects – Building Construction Fund.

The implementation of new authoritative literature for purchases of groups of assets, as previously discussed, increased furniture and equipment in the current year.

The District defines capital assets as those with an initial, individual cost of \$5,000 or more, which benefit more than one fiscal year.

Additional details about capital assets can be found in the notes to basic financial statements.

Long-Term Liabilities

Table 7 illustrates the components of the District's long-term liabilities with changes from the prior year:

	<u>2024</u>	<u>2023</u>	<u>Change</u>
General obligation notes and bonds payable	\$ 166,915,000	\$ 152,210,000	\$ 14,705,000
Certificates of participation payable	4,980,000	5,610,000	(630,000)
Unamortized premium/discount	4,079,124	3,673,845	405,279
Lease liability	3,172,052	4,517,900	(1,345,848)
Arbitrage liability	368,217	-	368,217
Net pension liability	55,189,842	60,770,163	(5,580,321)
Net OPEB liability	7,512,482	7,341,101	171,381
Severance benefits payable	569,849	687,394	(117,545)
Compensated absences payable	1,053,508	957,307	96,201
Total	<u>\$ 243,840,074</u>	<u>\$ 235,767,710</u>	<u>\$ 8,072,364</u>

The change in general obligation notes and bonds payable, certificates of participation payable, and lease liability are due to the scheduled principal payments in the current year offset by the issuance of general obligation notes and bonds and new leases issued for equipment during fiscal year 2024.

The difference in the net pension liability reflects the change in the District's proportionate share of the state-wide pension obligations for the PERA and the TRA.

The state limits the amount of general obligation debt the District can issue to 15.0 percent of the market value of all taxable property within the District's corporate limits (see Table 8).

District's market value	\$ 8,571,142,760
Limit rate	<u>15.0%</u>
Legal debt limit	<u><u>\$ 1,285,671,414</u></u>

Additional details of the District's long-term debt activity can be found in the notes to basic financial statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

With the exception of the voter-approved operating referendum, the District is dependent on the state of Minnesota for a majority of its revenue authority.

The general education program is the method by which school districts receive the majority of their financial support. This source of funding is primarily state aid and, as such, school districts rely heavily on the state of Minnesota for educational resources. The Legislature has added \$143, or 2.00 percent, per pupil to the basic general education funding formula for fiscal year 2025.

The amount of funding a district receives is also dependent on the number of students it serves, meaning attracting and retaining students is critical to the District's financial well-being.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

These financial statements are designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about these statements, or need additional financial information, contact the Business Services Department at (651) 982-8125. The address is: Independent School District No. 831, 6100 North 210th Street, Forest Lake, Minnesota 55025.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 831

Statement of Net Position
as of June 30, 2024

(With Partial Comparative Information as of June 30, 2023)

	Governmental Activities	
	2024	2023
Assets		
Cash and temporary investments	\$ 47,603,473	\$ 19,970,829
Receivables		
Current taxes	19,680,105	17,733,487
Delinquent taxes	365,211	299,104
Accounts and interest	362,762	346,741
Due from other governmental units	9,030,680	9,574,433
Due from fiduciary fund	100,000	425,000
Inventory	13,806	12,165
Prepaid items	356,987	387,151
Capital assets		
Not depreciated/amortized	4,751,079	9,011,877
Depreciated, net of accumulated depreciation/amortized	198,496,204	198,503,725
Total capital assets, net of accumulated depreciation/amortization	<u>203,247,283</u>	<u>207,515,602</u>
Total assets	280,760,307	256,264,512
Deferred outflows of resources		
Bond refunding deferments	248,993	287,552
OPEB plan deferments	339,668	451,561
Pension plan deferments	13,460,706	18,907,293
Total deferred outflows of resources	<u>14,049,367</u>	<u>19,646,406</u>
Total assets and deferred outflows of resources	<u>\$ 294,809,674</u>	<u>\$ 275,910,918</u>
Liabilities		
Salaries payable	\$ 657,588	\$ 647,933
Accounts and contracts payable	11,125,815	11,077,403
Accrued interest payable	2,593,701	2,225,748
Due to other governmental units	801,169	924,948
Unearned revenue	2,179,508	1,935,791
Claims incurred, but not reported	934,590	932,045
Long-term liabilities		
Due within one year	8,064,015	8,360,252
Due in more than one year	235,776,059	227,407,458
Total long-term liabilities	<u>243,840,074</u>	<u>235,767,710</u>
Total liabilities	262,132,445	253,511,578
Deferred inflows of resources		
OPEB plan deferments	2,673,605	3,064,903
Pension plan deferments	6,784,132	13,217,183
Property taxes levied for subsequent year	33,655,855	30,637,954
Total deferred inflows of resources	<u>43,113,592</u>	<u>46,920,040</u>
Net position		
Net investment in capital assets	42,516,961	44,945,857
Restricted for		
Capital asset acquisition	1,781,395	-
Debt service	1,372,640	-
Food service	1,231,702	744,103
Community service	1,780,356	1,631,737
Other purposes (state funding restrictions)	448,063	190,987
Unrestricted	(59,567,480)	(72,033,384)
Total net position	<u>(10,436,363)</u>	<u>(24,520,700)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 294,809,674</u>	<u>\$ 275,910,918</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

Statement of Activities
Year Ended June 30, 2024
(With Partial Comparative Information for the Year Ended June 30, 2023)

Functions/Programs	2024			2023	
	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Governmental Activities
Governmental activities					
Administration	\$ 3,670,141	\$ –	\$ –	\$ (3,670,141)	\$ (3,000,486)
District support services	3,194,988	–	–	(3,194,988)	(3,270,369)
Elementary and secondary regular instruction	27,231,839	1,127,390	2,231,629	(23,872,820)	(20,236,790)
Vocational education instruction	1,289,867	815	98,362	(1,190,690)	(1,088,776)
Special education instruction	16,184,175	135,206	16,620,886	571,917	(1,375,349)
Instructional support services	6,008,005	–	13,105	(5,994,900)	(5,384,783)
Pupil support services	12,839,041	–	392,793	(12,446,248)	(12,296,745)
Sites and buildings	8,218,905	97,129	–	(8,121,776)	(6,961,557)
Fiscal and other fixed cost programs	834,214	–	–	(834,214)	(652,894)
Food service	5,487,028	599,154	5,321,625	433,751	(483,350)
Community service	5,519,083	3,291,243	975,794	(1,252,046)	(865,056)
Depreciation and amortization not allocated to other functions	7,827,137	–	–	(7,827,137)	(8,050,402)
Interest and fiscal charges	6,150,170	–	–	(6,150,170)	(5,316,029)
Total governmental activities	\$ 104,454,593	\$ 5,250,937	\$ 25,654,194	(73,549,462)	(68,982,586)
General revenues					
Taxes					
Property taxes for general purposes				19,576,313	18,169,488
Property taxes for community service				1,434,935	1,396,546
Property taxes for debt service				10,786,442	9,982,715
General grants and aids				52,114,353	51,068,090
Other general revenues				1,593,877	1,532,239
Investment earnings				1,746,413	682,609
Total general revenues				<u>87,252,333</u>	<u>82,831,687</u>
Change in net position				13,702,871	13,849,101
Net position – beginning, as previously reported				(24,520,700)	(38,369,801)
Change in accounting principle				381,466	–
Net position – beginning, as restated				<u>(24,139,234)</u>	<u>(38,369,801)</u>
Net position – ending				<u>\$ (10,436,363)</u>	<u>\$ (24,520,700)</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

Balance Sheet
Governmental Funds
as of June 30, 2024

(With Partial Comparative Information as of June 30, 2023)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Assets			
Cash and temporary investments	\$ 18,577,527	\$ 16,393,708	\$ 8,457,343
Receivables			
Current taxes	12,534,602	–	6,292,701
Delinquent taxes	219,860	–	128,540
Accounts and interest	83,117	86,232	–
Due from other governmental units	8,711,931	–	21,595
Due from other funds	100,000	–	–
Inventory	–	–	–
Prepaid items	171,690	–	–
	<u>40,398,727</u>	<u>16,479,940</u>	<u>14,900,179</u>
	<u>\$ 40,398,727</u>	<u>\$ 16,479,940</u>	<u>\$ 14,900,179</u>
Liabilities			
Salaries payable	\$ 434,700	\$ –	\$ –
Accounts and contracts payable	10,229,315	698,271	1,751
Due to other governmental units	801,149	–	–
Unearned revenue	10,286	–	–
	<u>11,475,450</u>	<u>698,271</u>	<u>1,751</u>
	<u>\$ 11,475,450</u>	<u>\$ 698,271</u>	<u>\$ 1,751</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	21,226,870	–	10,932,087
Unavailable revenue – delinquent taxes	112,571	–	67,263
	<u>21,339,441</u>	<u>–</u>	<u>10,999,350</u>
	<u>\$ 21,339,441</u>	<u>\$ –</u>	<u>\$ 10,999,350</u>
Fund balances			
Nonspendable	171,690	–	–
Restricted	2,229,458	15,781,669	3,899,078
Assigned	177,488	–	–
Unassigned	5,005,200	–	–
	<u>7,583,836</u>	<u>15,781,669</u>	<u>3,899,078</u>
	<u>\$ 7,583,836</u>	<u>\$ 15,781,669</u>	<u>\$ 3,899,078</u>
	<u>\$ 40,398,727</u>	<u>\$ 16,479,940</u>	<u>\$ 14,900,179</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 40,398,727</u>	<u>\$ 16,479,940</u>	<u>\$ 14,900,179</u>

Nonmajor Funds	Total Governmental Funds	
	2024	2023
\$ 3,727,541	\$ 47,156,119	\$ 19,468,141
852,802	19,680,105	17,733,487
16,811	365,211	299,104
19,183	188,532	92,245
297,154	9,030,680	9,574,433
–	100,000	425,000
13,806	13,806	12,165
11,397	183,087	213,251
<u>\$ 4,938,694</u>	<u>\$ 76,717,540</u>	<u>\$ 47,817,826</u>
\$ 222,888	\$ 657,588	\$ 647,933
99,774	11,029,111	10,829,673
20	801,169	924,948
107,056	117,342	128,531
<u>429,738</u>	<u>12,605,210</u>	<u>12,531,085</u>
1,496,898	33,655,855	30,637,954
8,592	188,426	179,353
<u>1,505,490</u>	<u>33,844,281</u>	<u>30,817,307</u>
25,203	196,893	225,416
2,978,263	24,888,468	4,538,691
–	177,488	195,749
–	5,005,200	(490,422)
<u>3,003,466</u>	<u>30,268,049</u>	<u>4,469,434</u>
<u>\$ 4,938,694</u>	<u>\$ 76,717,540</u>	<u>\$ 47,817,826</u>

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INDEPENDENT SCHOOL DISTRICT NO. 831

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of June 30, 2024
(With Partial Comparative Information as of June 30, 2023)

	<u>2024</u>	<u>2023</u>
Total fund balances – governmental funds	\$ 30,268,049	\$ 4,469,434
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	324,443,097	320,026,803
Accumulated depreciation/amortization	(121,195,814)	(112,511,201)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable.		
General obligation notes and bonds payable	(166,915,000)	(152,210,000)
Certificates of participation payable	(4,980,000)	(5,610,000)
Unamortized premium/discount	(4,079,124)	(3,673,845)
Lease liability	(3,172,052)	(4,517,900)
Arbitrage liability	(368,217)	–
Net pension liability	(55,189,842)	(60,770,163)
Net OPEB liability	(7,512,482)	(7,341,101)
Severance benefits payable	(569,849)	(687,394)
Compensated absences payable	(1,053,508)	(957,307)
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.	(2,593,701)	(2,225,748)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.	(2,297,976)	(2,055,951)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – bond refunding deferments	248,993	287,552
Deferred outflows of resources – OPEB plan deferments	339,668	451,561
Deferred outflows of resources – pension plan deferments	13,460,706	18,907,293
Deferred inflows of resources – OPEB plan deferments	(2,673,605)	(3,064,903)
Deferred inflows of resources – pension plan deferments	(6,784,132)	(13,217,183)
Deferred inflows of resources – unavailable revenue – delinquent taxes	188,426	179,353
Total net position – governmental activities	<u>\$ (10,436,363)</u>	<u>\$ (24,520,700)</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2024
 (With Partial Comparative Information for the Year Ended June 30, 2023)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Revenue			
Local sources			
Property taxes	\$ 19,570,204	\$ –	\$ 10,784,134
Investment earnings	547,578	812,210	231,578
Other	2,852,679	–	–
State sources	68,261,981	–	215,945
Federal sources	2,788,166	–	–
Total revenue	<u>94,020,608</u>	<u>812,210</u>	<u>11,231,657</u>
Expenditures			
Current			
Administration	3,849,844	–	–
District support services	3,559,344	–	–
Elementary and secondary regular instruction	30,443,797	–	–
Vocational education instruction	1,498,332	–	–
Special education instruction	17,614,482	–	–
Instructional support services	6,680,520	–	–
Pupil support services	13,330,748	–	–
Sites and buildings	8,568,713	–	–
Fiscal and other fixed cost programs	834,214	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	–	4,093,639	–
Debt service			
Principal	1,623,244	–	5,330,000
Interest and fiscal charges	256,526	246,507	5,172,982
Total expenditures	<u>88,259,764</u>	<u>4,340,146</u>	<u>10,502,982</u>
Excess (deficiency) of revenue over expenditures	5,760,844	(3,527,936)	728,675
Other financing sources (uses)			
Debt issued	1,362,828	18,869,628	1,165,372
Premium on debt issued	–	705,853	–
Sale of assets	23,013	–	–
Insurance recovery	74,776	–	–
Transfers in	–	–	–
Transfers out	–	–	–
Total other financing sources (uses)	<u>1,460,617</u>	<u>19,575,481</u>	<u>1,165,372</u>
Net change in fund balances	7,221,461	16,047,545	1,894,047
Fund balances (deficit)			
Beginning of year	<u>362,375</u>	<u>(265,876)</u>	<u>2,005,031</u>
End of year	<u>\$ 7,583,836</u>	<u>\$ 15,781,669</u>	<u>\$ 3,899,078</u>

Nonmajor Funds	Total Governmental Funds	
	2024	2023
\$ 1,434,279	\$ 31,788,617	\$ 29,556,844
135,668	1,727,034	650,704
3,890,397	6,743,076	8,174,309
3,883,888	72,361,814	62,034,706
2,413,531	5,201,697	6,049,122
<u>11,757,763</u>	<u>117,822,238</u>	<u>106,465,685</u>
–	3,849,844	3,593,383
–	3,559,344	3,389,876
–	30,443,797	30,308,513
–	1,498,332	1,510,027
–	17,614,482	16,062,965
–	6,680,520	6,701,455
–	13,330,748	14,597,682
–	8,568,713	10,443,052
–	834,214	652,894
5,179,013	5,179,013	4,811,443
5,554,256	5,554,256	5,176,357
392,881	4,486,520	5,809,896
–	6,953,244	6,829,698
–	5,676,015	5,483,489
<u>11,126,150</u>	<u>114,229,042</u>	<u>115,370,730</u>
631,613	3,593,196	(8,905,045)
–	21,397,828	7,609,659
–	705,853	140,226
3,949	26,962	–
–	74,776	51,261
–	–	1,606,517
–	–	(1,606,517)
<u>3,949</u>	<u>22,205,419</u>	<u>7,801,146</u>
635,562	25,798,615	(1,103,899)
<u>2,367,904</u>	<u>4,469,434</u>	<u>5,573,333</u>
<u>\$ 3,003,466</u>	<u>\$ 30,268,049</u>	<u>\$ 4,469,434</u>

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INDEPENDENT SCHOOL DISTRICT NO. 831

Reconciliation of the Statement of
Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds

Year Ended June 30, 2024

(With Partial Comparative Information for the Year Ended June 30, 2023)

	<u>2024</u>	<u>2023</u>
Total net change in fund balances – governmental funds	\$ 25,798,615	\$ (1,103,899)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation/amortization expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	6,736,128	13,754,323
Depreciation/amortization expense	(10,077,906)	(10,275,662)
A gain or loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.		
	407,425	30,105
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
General obligation notes and bonds payable	(20,035,000)	(4,995,000)
Lease liability	(1,362,828)	(2,614,659)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation notes and bonds payable	5,330,000	5,045,000
Certificates of participation payable	630,000	600,000
Lease liability	993,244	1,184,698
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.		
	(367,953)	(60,802)
Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.		
	(405,279)	126,595
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Arbitrage liability	(368,217)	–
Net pension liability	5,580,321	(27,565,646)
Net OPEB liability	(171,381)	729,026
Severance benefits payable	117,545	240,300
Compensated absences payable	(96,201)	87,672
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.		
	(242,025)	(533,367)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – bond refunding deferments	(38,559)	(38,559)
Deferred outflows of resources – OPEB plan deferments	(111,893)	1,499
Deferred outflows of resources – pension plan deferments	(5,446,587)	(3,481,691)
Deferred inflows of resources – OPEB plan deferments	391,298	(1,175,326)
Deferred inflows of resources – pension plan deferments	6,433,051	43,902,589
Deferred inflows of resources – unavailable revenue – delinquent taxes	9,073	(8,095)
Change in net position – governmental activities	<u>\$ 13,702,871</u>	<u>\$ 13,849,101</u>

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INDEPENDENT SCHOOL DISTRICT NO. 831

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 General Fund
 Year Ended June 30, 2024

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Property taxes	\$ 19,285,188	\$ 19,285,188	\$ 19,570,204	\$ 285,016
Investment earnings	85,000	263,839	547,578	283,739
Other	2,415,000	2,415,000	2,852,679	437,679
State sources	60,314,812	67,889,884	68,261,981	372,097
Federal sources	2,000,000	2,605,397	2,788,166	182,769
Total revenue	<u>84,100,000</u>	<u>92,459,308</u>	<u>94,020,608</u>	<u>1,561,300</u>
Expenditures				
Current				
Administration	3,890,397	3,885,967	3,849,844	(36,123)
District support services	3,217,724	3,816,123	3,559,344	(256,779)
Elementary and secondary regular instruction	31,431,520	31,399,977	30,443,797	(956,180)
Vocational education instruction	1,875,310	1,715,924	1,498,332	(217,592)
Special education instruction	16,182,158	15,805,961	17,614,482	1,808,521
Instructional support services	6,607,293	6,605,299	6,680,520	75,221
Pupil support services	9,220,140	11,103,627	13,330,748	2,227,121
Sites and buildings	9,627,933	9,021,850	8,568,713	(453,137)
Fiscal and other fixed cost programs	257,575	627,373	834,214	206,841
Debt service				
Principal	1,640,000	1,640,000	1,623,244	(16,756)
Interest and fiscal charges	149,950	183,865	256,526	72,661
Total expenditures	<u>84,100,000</u>	<u>85,805,966</u>	<u>88,259,764</u>	<u>2,453,798</u>
Excess (deficiency) of revenue over expenditures	–	6,653,342	5,760,844	(892,498)
Other financing sources				
Debt issued	–	–	1,362,828	1,362,828
Sale of assets	–	–	23,013	23,013
Insurance recovery	–	–	74,776	74,776
Total other financing sources	<u>–</u>	<u>–</u>	<u>1,460,617</u>	<u>1,460,617</u>
Net change in fund balances	<u>\$ –</u>	<u>\$ 6,653,342</u>	<u>7,221,461</u>	<u>\$ 568,119</u>
Fund balances				
Beginning of year			<u>362,375</u>	
End of year			<u>\$ 7,583,836</u>	

INDEPENDENT SCHOOL DISTRICT NO. 831

Statement of Net Position
 Internal Service Funds
 as of June 30, 2024
 (With Partial Comparative Information as of June 30, 2023)

	<u>2024</u>	<u>2023</u>
Assets		
Current assets		
Cash and temporary investments	\$ 447,354	\$ 502,688
Receivables		
Accounts and interest	174,230	254,496
Due from other funds	93,488	42,894
Prepaid items	173,900	173,900
Total current assets	<u>888,972</u>	<u>973,978</u>
Liabilities		
Current liabilities		
Accounts and contracts payable	96,704	247,730
Due to other funds	93,488	42,894
Unearned revenue	2,062,166	1,807,260
Claims incurred, but not reported	934,590	932,045
Total current liabilities	<u>3,186,948</u>	<u>3,029,929</u>
Net position		
Unrestricted	<u>\$ (2,297,976)</u>	<u>\$ (2,055,951)</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

Statement of Revenue, Expenses, and Changes in Net Position
 Internal Service Funds
 Year Ended June 30, 2024
 (With Partial Comparative Information for the Year Ended June 30, 2023)

	<u>2024</u>	<u>2023</u>
Operating revenue		
Charges for services		
Contributions from governmental funds	\$ 9,496,772	\$ 10,034,619
Operating expenses		
Health benefit claims	9,246,266	10,010,503
Dental benefit claims	511,910	589,388
Total operating expenses	<u>9,758,176</u>	<u>10,599,891</u>
Operating income (loss)	(261,404)	(565,272)
Nonoperating revenue		
Investment earnings	<u>19,379</u>	<u>31,905</u>
Change in net position	(242,025)	(533,367)
Net position		
Beginning of year	<u>(2,055,951)</u>	<u>(1,522,584)</u>
End of year	<u>\$ (2,297,976)</u>	<u>\$ (2,055,951)</u>

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INDEPENDENT SCHOOL DISTRICT NO. 831

Statement of Cash Flows
 Internal Service Funds
 Year Ended June 30, 2024
 (With Partial Comparative Information for the Year Ended June 30, 2023)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Contributions from governmental funds	\$ 9,831,944	\$ 9,536,492
Payment for health claims	(9,368,079)	(10,617,755)
Payment for dental claims	(538,578)	(598,557)
Net cash flows from operating activities	<u>(74,713)</u>	<u>(1,679,820)</u>
Cash flows from noncapital financing activities		
Cash advance from other funds	50,594	42,894
Cash paid to other funds	(50,594)	(42,894)
Net cash flows from noncapital financing activities	—	—
Cash flows from investing activities		
Investment income received	19,379	31,905
Net change in cash and cash equivalents	(55,334)	(1,647,915)
Cash and cash equivalents		
Beginning of year	<u>502,688</u>	<u>2,150,603</u>
End of year	<u>\$ 447,354</u>	<u>\$ 502,688</u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	\$ (261,404)	\$ (565,272)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities		
Changes in assets and liabilities		
Accounts and interest receivable	80,266	(231,140)
Prepaid items	—	(173,900)
Accounts and contracts payable	(151,026)	(484,810)
Unearned revenue	254,906	(266,987)
Claims incurred, but not reported	2,545	42,289
Net cash flows from operating activities	<u>\$ (74,713)</u>	<u>\$ (1,679,820)</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

Statement of Fiduciary Net Position
as of June 30, 2024

	Post-Employment Benefits Trust Fund
	<u> </u>
Assets	
Investments at fair value	
U.S. treasuries	\$ 147,457
Mutual funds	316,112
Accounts and interest receivable	<u>1,546</u>
Total assets	465,115
Liabilities	
Due to other funds	<u>100,000</u>
Net position	
Held in trust for employee benefits	<u><u>\$ 365,115</u></u>

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2024

	Post-Employment Benefits Trust Fund
	<u> </u>
Additions	
Investment earnings	\$ 32,919
Deductions	
Benefits paid to plan members and administrative fees	<u>100,250</u>
Change in net position	(67,331)
Net position	
Beginning of year	<u>432,446</u>
End of year	<u><u>\$ 365,115</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 831

Notes to Basic Financial Statements
as of June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 831 (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District is governed by a School Board elected by voters of the District. The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

The accompanying financial statements include all funds, departments, agencies, boards, commissions, and other organizations that comprise the District, along with any component units.

Component units are legally separate entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit. Based on these criteria, there are no organizations considered to be component units of the District.

C. Government-Wide Financial Statement Presentation

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. Generally, the effect of material interfund activity has been removed from the government-wide financial statements. Transactions representing interfund services provided and used are not eliminated in the consolidation process to the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other internally directed revenues are reported instead as general revenues.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are generally recognized as revenues in the fiscal year for which they are levied, except for amounts advance recognized in accordance with a statutory “tax shift” described later in these notes. Grants and similar revenues are recognized when all eligibility requirements imposed by the provider have been met.

For capital assets that can be specifically identified with, or allocated to functional areas, depreciation/amortization expense is included as a direct expense in the functional areas that utilize the related capital assets. For capital assets that essentially serve all functional areas, depreciation/amortization expense is reported as “depreciation and amortization not allocated to other functions.” Interest on debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting, transactions are recorded in the following manner:

- 1. Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District generally considers revenues, including property taxes, to be available if they are collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to funding formulas established by Minnesota Statutes. Proceeds of long-term debt and acquisitions under leases are reported as other financing sources.
- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and other long-term liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

The proprietary (internal service) funds are presented in the proprietary fund financial statements. Because the principal users of the internal services are the District’s governmental activities, the internal service funds are consolidated into the governmental activities column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenue of the District’s internal service funds are charges to customers (other district funds) for service. Operating expenses for the internal service funds include the cost of providing the services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary funds are presented in the fiduciary fund financial statements by type, for which the District has one Post-Employment Benefits Trust Fund. Since, by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide financial statements.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described earlier in these notes.

Description of Funds

The existence of the various district funds has been established by the Minnesota Department of Education (MDE). Each fund is accounted for as an independent entity. Descriptions of the funds included in this report are as follows:

Major Governmental Funds

General Fund – The General Fund is the government’s primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

Capital Projects – Building Construction Fund – The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities and as authorized by the District’s MDE-approved long-term facilities maintenance program.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and payment of general obligation debt principal, interest, and related costs. The regular debt service account is used for all general obligation debt service except for the financial activities of the other post-employment benefits (OPEB) debt service account. The OPEB debt service account is used for the taxable OPEB bond issues.

Nonmajor Governmental Funds

Food Service Special Revenue Fund – The Food Service Special Revenue Fund is used to record financial activities of the District’s child nutrition program.

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

Proprietary Funds

Internal Service Funds – Internal service funds account for the financing of goods or services provided by one department to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The District’s internal service funds are used to account for dental and health insurance benefits offered by the District to its employees as a self-insured plan.

Fiduciary Fund

Post-Employment Benefits Trust Fund – The Post-Employment Benefits Trust Fund is used to administer resources received and held by the District as the trustee for others. The Post-Employment Benefits Trust Fund includes assets held in an irrevocable trust to fund post-employment insurance benefits of eligible employees.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Information

The School Board adopts an annual budget for all governmental funds prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. Budgeted appropriations lapse at year-end. Expenditures in the General, Food Service Special Revenue, and Debt Service Funds exceeded budgeted appropriations by \$2,453,798, \$220,721, and \$19,848, respectively, during the year ended June 30, 2024. Revenues in excess of budget, along with available fund balance, financed these variances.

F. Cash and Temporary Investments

Cash and temporary investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund. Bond proceeds recorded in the Capital Projects – Building Construction Fund are not pooled, and earnings on these proceeds are allocated directly to the fund.

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the Post-Employment Benefits Trust Fund, assets were contributed to an irrevocable trust established to finance the District's liability for post-employment insurance benefits. Earnings from these investments are allocated directly to this fund.

For purposes of the Statement of Cash Flows, the District considers all highly liquid debt instruments with an original maturity from the time of purchase by the District of three months or less to be cash equivalent. The Proprietary Fund's equity in the government-wide cash and investment management pool is considered to be cash equivalent.

Investments are generally stated at fair value, except for certain investments in external investment pools, which are stated at amortized cost. Short-term, highly liquid debt instruments (including commercial paper, bankers' acceptance, and U.S. treasury and agency obligations) purchased with a remaining maturity of one year or less may also be reported at amortized cost. Investment income is accrued at the Balance Sheet date.

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. 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; and Level 3 inputs are significant unobservable inputs.

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

See Note 2 for the District's recurring fair value measurements as of year-end.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables

When necessary, the District utilizes an allowance for uncollectible accounts to value its receivables. However, the District considers all of its current receivables to be collectible. The only receivables not expected to be fully collected within one year are property taxes receivable.

H. Inventories

Inventories are recorded using the consumption method of accounting and consist of purchased food and surplus commodities received from the federal government. Purchased food inventory is recorded at cost on a first-in, first-out basis. Surplus commodities are stated at standardized costs, as determined by the U.S. Department of Agriculture.

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are recorded as expenditures/expenses at the time of consumption.

J. Property Taxes

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

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes \$731,968 of the property tax levy collectible in 2024 as revenue to the District in fiscal year 2023–2024. The remaining portion of the taxes collectible in 2024 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

Property tax levies are certified to the County Auditor in December of each year for collection from taxpayers in May and October of the following calendar year. In Minnesota, counties act as collection agents for all property taxes. The county spreads all levies over taxable property. Such taxes become a lien on property on the following January 1. The county generally remits taxes to the District at periodic intervals as they are collected.

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is reported as a deferred inflow of resources (unavailable revenue) in the fund financial statements because it is not known to be available to finance the operations of the District in the current year.

K. Subscription-Based Information Technology Arrangements (SBITAs)

A SBITA is a contract that conveys control of the right to use another party's information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The District has entered into certain SBITAs for education, evaluation tracking, and other purposes. Capital assets associated with SBITAs are presented separately from other capital assets in Note 3 and are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets. When applicable, a subscription liability is reported in Note 4 to include the terms and related disclosures associated with any subscription liability.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Capital Assets

Capital assets that are purchased or constructed by the District are recorded at historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation. Leased capital assets are recorded based on the measurement of payments applicable to the lease term. SBITA capital assets are recorded based on the measurement of any subscription liability plus the payments due to a SBITA vendor at the commencement of the subscription term, including any applicable initial implementation costs as defined in the standard. The District defines capital assets as those with an initial, individual cost of \$5,000 or more, which benefit more than one fiscal year. Groups of similar assets acquired at or near the same time for a single objective, with individual acquisition costs below this threshold, are also capitalized if cost of the assets is considered significant in the aggregate. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statements, but are not reported in the governmental fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are generally sold for an immaterial amount or scrapped when declared as no longer fit or needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for buildings and building and land improvements, 5 to 15 years for furniture and equipment, and 10 to 20 years for intangible assets. Leased assets are amortized over the term of the lease or over the useful life of the applicable asset class previously described, if future ownership is anticipated. SBITAs are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets. Land and construction in progress are not depreciated.

The District does not possess material amounts of infrastructure capital assets, such as sidewalks or parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

M. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. If material, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums or discounts on debt issuances are reported as other financing sources or uses, respectively. Arbitrage liabilities are reported as expenditures when paid.

N. Compensated Absences

Under the terms of collectively bargained contracts, eligible employees accrue vacation and sick leave at varying rates, portions of which may be carried over to future years. Employees are reimbursed for unused, accrued vacation to the limit specified in their labor contract or School Board policy upon termination. Unused sick leave enters into the calculation of severance benefits for some employees upon termination. Compensated absences are accrued when earned in the government-wide financial statements. Compensated absences are accrued in the governmental fund financial statements only to the extent they have been used or otherwise matured prior to year-end, due to employee termination or similar circumstances.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Severance Benefits

The District provides lump sum severance benefits to eligible employees in accordance with provisions in certain collectively bargained contracts. Eligibility for these benefits is based on years of service and/or minimum age requirements. The severance benefit is calculated by converting a portion of unused accumulated sick leave. No individual can receive severance benefits in excess of one year's salary. Members of certain employee groups may also elect to receive district matching contributions paid into a tax-deferred matching contribution plan. The amount of any severance or retirement benefit due to an individual is reduced by the total matching contributions made by the District to such a plan over the course of that individual's employment.

Severance benefits payable are recorded as a liability in the government-wide financial statements as they are earned and it becomes probable they will vest at some point in the future. Severance benefits payable are accrued in the governmental fund financial statements as the liability matures, due to employee termination.

P. State-Wide Pension Plans

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) and additions to/deductions from the PERA's and the TRA's fiduciary net positions have been determined on the same basis as they are reported by the PERA and the TRA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The 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 Teachers Retirement Fund Association in 2015.

Q. Other Post-Employment Benefits (OPEB) Plan

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the District. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and certain investments that have a maturity at the time of purchase of one year or less, which are reported at amortized cost.

R. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, statements of financial position or balance sheets will sometimes report separate sections for deferred outflows or inflows of resources. These separate financial statement elements represent a consumption or acquisition of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) or an inflow of financial resources (revenue) until then.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District reports deferred outflows of resources related to bond refunding deferments in the government-wide Statement of Net Position. A bond refunding deferment results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The District also reports deferred outflows and inflows of resources related to pensions and OPEB in the government-wide Statement of Net Position. These deferred outflows and inflows result from differences between expected and actual economic experience, changes in actuarial assumptions, net collective difference between projected and actual investment earnings on pension and OPEB Plan investments, changes in proportion, and contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension and OPEB standards.

Property taxes levied for subsequent years, which represents property taxes received or reported as a receivable before the period for which the taxes are levied, are reported as a deferred inflow of resources in both the government-wide Statement of Net Position and the governmental funds Balance Sheet. Property taxes levied for subsequent years are deferred and recognized as an inflow of resources in the government-wide financial statements in the year for which they are levied, and in the governmental fund financial statements during the year for which they are levied, if available.

Unavailable revenue from property taxes arises under a modified accrual basis of accounting and is reported only in the governmental funds Balance Sheet. Delinquent property taxes not collected within 60 days of year-end are deferred and recognized as an inflow of resources in the governmental funds in the period the amounts become available.

S. Net Position

In the government-wide, internal service, and fiduciary fund financial statements, net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is displayed in three components:

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation/amortization, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Unrestricted Net Position** – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

T. Fund Balance Classifications

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by resolution of the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In the governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

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

When committed, assigned, or unassigned resources are available for use, it is the District's policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

U. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements during the reporting period. Actual results could differ from those estimates.

V. Risk Management and Self-Insurance

1. **General Insurance** – The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. As part of the insurance renewal process and available coverage limits for cyber liability, there was a reduction in this one area of the District's insurance coverage in the current fiscal year.
2. **Self-Insurance** – The District has established two internal service funds to account for and finance its self-insured risk of loss for respective employee dental and health insurance plans. Under these plans, the internal service funds provide coverage to participating employees and their dependents for various dental and healthcare costs as described in the plans.

The District makes premium payments, that include both employer and employee contributions to the internal service funds on behalf of program participants based on rates determined by insurance company estimates of monthly claims paid for each coverage class, plus the stop-loss health insurance premium costs and administrative service charges.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

District claim liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported. Because actual claim liabilities depend on complex factors, such as inflation, changes in legal doctrines, and damage awards, the process used in computing a claim liability does not necessarily result in an exact amount. Claim liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Changes in the balance of dental claim liabilities for the past two years were as follows:

	Balance – Beginning of Year	Charges and Changes in Estimates	Claim Payments	Balance – End of Year
2023	\$ 12,583	\$ 589,388	\$ 586,421	\$ 15,550
2024	\$ 15,550	\$ 511,910	\$ 518,985	\$ 8,475

Changes in the balance of health claim liabilities for the past two years were as follows:

	Balance – Beginning of Year	Charges and Changes in Estimates	Claim Payments	Balance – End of Year
2023	\$ 877,173	\$ 10,010,503	\$ 9,971,181	\$ 916,495
2024	\$ 916,495	\$ 9,246,266	\$ 9,236,646	\$ 926,115

W. Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total, but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's prior year financial statements, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

X. Change in Accounting Principle

During the year ended June 30, 2024, the District implemented new accounting guidance in capitalizing purchases of groups of similar assets in the current year. This recent change in authoritative literature provides guidance on the accounting and financial reporting for capital assets. This new guidance indicates a government should capitalize groups of assets that individually would not meet the District's capitalization threshold if significant. In prior periods, the District would only capitalize assets when individual units exceeded the capitalization policy threshold. Certain amounts necessary to fully restate fiscal year 2023 financial information are not determinable; therefore, prior year comparative amounts have not been restated. The implementation of this new guidance in the current year resulted in the District reporting additional capital assets, increasing beginning net position by \$381,466 in the government-wide financial statements in the current year. See Note 3 for additional details on this change in the current year.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

Cash and investments at year-end consist of the following:

Deposits	\$ 12,796,621
Investments	<u>35,270,421</u>
Total deposits and investments	<u>\$ 48,067,042</u>

Cash and investments are included on the basic financial statements as follows:

Statement of Net Position	
Cash and temporary investments	\$ 47,603,473
Statement of Fiduciary Net Position	
Investments – U.S. treasuries	147,457
Investments – mutual funds	<u>316,112</u>
Total deposits and investments	<u>\$ 48,067,042</u>

B. Deposits

In accordance with applicable Minnesota Statutes, the District maintains deposits at depository banks authorized by the School Board, including checking accounts, savings accounts, and nonnegotiable certificates of deposit.

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

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may be lost.

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

At year-end, the carrying amount of the District’s deposits was \$12,796,621, while the balance on the bank records was \$14,949,191. At June 30, 2024, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the District’s agent in the District’s name.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments

The District has the following investments at year-end:

Deposits/Investments	Credit Risk		Fair Value Measurements Using	Interest Risk – Maturity Duration in Years		Total
	Rating	Agency		Less Than 1	1 to 5	
U.S. treasuries	N/R	N/A	Level 2	\$ 147,457	\$ –	\$ 147,457
Negotiable certificates of deposits	N/R	N/A	Level 2	\$ –	\$ 485,008	485,008
Investment pools/mutual funds						
Minnesota School District						
Liquid Asset Fund	AAA	S&P	Amortized Cost	N/A	N/A	120,158
MNTrust Investment						
Shares Portfolio	AAA	S&P	Amortized Cost	N/A	N/A	27,411,583
MNTrust Limited Term Duration	N/R	N/A	Amortized Cost	N/A	N/A	3,125,965
MNTrust Term Series	N/R	N/A	Amortized Cost	\$ 3,000,000	\$ –	3,000,000
MNTrust Term Series Flex	N/R	N/A	Amortized Cost	N/A	N/A	58,555
Goldman Sachs Mutual Fund	AAA	S&P	Amortized Cost	N/A	N/A	316,112
Wells Fargo Federal Treasury Obligation I	AAA	S&P	Level 1	N/A	N/A	605,583
Total investments						<u>\$ 35,270,421</u>

N/A – Not Applicable

N/R – Not Rated

The District's investments include investment pools managed by Minnesota Trust (MNTrust) and the Minnesota School District Liquid Asset Fund (MSDLAF), which are external investment pools regulated by Minnesota Statutes not registered with the Securities and Exchange Commission. The District's investments in these investment pools are measured at the net asset value per share provided by the pools, which are based on amortized cost methods that approximate fair value. There are no restrictions or limitations on withdrawals from the MNTrust Investment Shares Portfolio or MSDLAF Liquid Class investment pools. Investments in the MSDLAF MAX Class must be deposited for a minimum of 14 calendar days with the exception of direct investments of funds distributed by the state of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty and there is a 24-hour hold on all requests for redemptions. MNTrust Limited Term Duration must be deposited for a minimum of 30 calendar days. MNTrust Term Series Flex offers weekly liquidity with a one-day notice of withdrawal.

Investments are subject to various risks, the following of which are considered the most significant:

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in investment pools and money markets are not evidenced by securities that exist in physical or book entry form and, therefore, are not subject to custodial credit risk disclosures. Although the District's investment policies do not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration Risk – This is the risk associated with investing a significant portion of the District’s investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District’s investment policies do not address concentration risk.

Interest Rate Risk – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The District’s investment policies do not limit the maturities of investments; however, when purchasing investments, the District considers such things as interest rates and cash flow needs.

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the District’s investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated “A” or better; revenue obligations rated “AA” or better; general obligations of the Minnesota Housing Finance Agency rated “A” or better; bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase 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; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers. For assets held in the Post-Employment Benefits Trust Fund, the investment options available to the District are expanded to include the investment types specified in Minnesota Statutes § 356A.06, Subd. 7. The District’s investment policies do not further restrict investing in specific financial instruments.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year is as follows:

	Beginning Balance	Change in Accounting Principle*	Additions	Deletions	Completed Construction	Ending Balance
Capital assets, not depreciated/amortized						
Land	\$ 3,162,426	\$ –	\$ –	\$ –	\$ –	\$ 3,162,426
Construction in progress	5,849,451	–	4,070,491	–	(8,331,289)	1,588,653
Total capital assets, not depreciated/amortized	9,011,877	–	4,070,491	–	(8,331,289)	4,751,079
Capital assets, depreciated/amortized						
Buildings	78,602,259	–	–	–	–	78,602,259
Leased buildings	528,394	–	–	–	–	528,394
Building and land improvements	196,059,099	–	116,516	(42,695)	8,331,289	204,464,209
Furniture and equipment	27,328,795	635,777	1,186,293	(173,360)	–	28,977,505
Leased furniture and equipment	5,868,847	–	1,362,828	(2,739,556)	–	4,492,119
Technology subscriptions	732,532	–	–	–	–	732,532
Intangibles	1,895,000	–	–	–	–	1,895,000
Total capital assets, depreciated/amortized	311,014,926	635,777	2,665,637	(2,955,611)	8,331,289	319,692,018
Less accumulated depreciation/amortization for						
Buildings	(56,956,445)	–	(1,423,235)	–	–	(58,379,680)
Leased buildings	(352,262)	–	(176,132)	–	–	(528,394)
Building and land improvements	(32,777,978)	–	(5,755,796)	12,863	–	(38,520,911)
Furniture and equipment	(19,574,064)	(254,311)	(1,410,127)	172,689	–	(21,065,813)
Leased furniture and equipment	(2,156,528)	–	(1,187,906)	1,462,052	–	(1,882,382)
Technology subscriptions	(73,253)	–	(73,253)	–	–	(146,506)
Intangibles	(620,671)	–	(51,457)	–	–	(672,128)
Total accumulated depreciation/amortization	(112,511,201)	(254,311)	(10,077,906)	1,647,604	–	(121,195,814)
Net capital assets, depreciated/amortized	198,503,725	381,466	(7,412,269)	(1,308,007)	8,331,289	198,496,204
Total capital assets, net	\$ 207,515,602	\$ 381,466	\$ (3,341,778)	\$ (1,308,007)	\$ –	\$ 203,247,283

* The change in accounting principle was required by new guidance in financial reporting on group purchases of assets implemented in the current year.

Depreciation/amortization expense was charged to the following governmental functions:

Administration	\$ 28,327
District support services	101,993
Elementary and secondary regular instruction	446,640
Vocational education instruction	23,960
Special education instruction	4,971
Instructional support services	38,431
Pupil support services	1,598,934
Community service	7,513
Depreciation and amortization not allocated to other functions	7,827,137
Total depreciation/amortization expense	\$ 10,077,906

NOTE 4 – LONG-TERM LIABILITIES

A. General Obligation Notes and Bonds Payable

The District currently has the following general obligation notes and bonds payable outstanding:

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
School building bonds	05/05/2016	2.00–5.00%	\$ 75,000,000	02/01/2046	\$ 67,020,000
School building bonds	12/15/2016	3.00–5.00%	\$ 67,070,000	02/01/2046	58,900,000
Taxable OPEB refunding bonds	12/15/2016	1.25–3.35%	\$ 5,365,000	02/01/2030	3,005,000
Facilities maintenance and tax abatement bonds	08/16/2018	3.00–5.00%	\$ 8,250,000	02/01/2029	4,705,000
Facilities maintenance and capital facilities bonds	04/30/2020	2.00–4.00%	\$ 9,610,000	02/01/2035	8,330,000
Capital notes and facilities maintenance bonds	08/25/2022	3.00–4.00%	\$ 4,995,000	02/01/2036	4,920,000
Facilities maintenance bonds	09/28/2023	4.00–5.00%	\$ 20,035,000	02/01/2040	20,035,000
Total general obligation notes and bonds payable					<u>\$ 166,915,000</u>

These notes and bonds were issued to finance acquisition, construction, and/or improvements of capital facilities; to purchase equipment; to finance the retirement (refunding) of prior bond issues; or to finance OPEB obligations. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated for the retirement of these bonds. The annual future debt service levies authorized are equal to 105 percent of the principal and interest due each year. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

B. Certificates of Participation Payable

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
Certificates of participation	06/17/2021	2.00–4.00%	\$ 6,820,000	04/01/2031	\$ 4,980,000

This certificate of participation was issued to finance improvements at Forest Lake Area High School and to retire (refund) a prior certificate of participation. The certificates of participation are paid by the General Fund. The debt is secured by the original property purchased and includes terms that upon default all payments may become due and payable. The debtor also may repossess the property and seek full recovery of any losses upon default.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

C. Lease Liability

The District has obtained the use of certain equipment and building space through a lease financing agreement. The total amount of underlying lease assets by major classes and the related accumulated amortization is presented in Note 3 of the notes to basic financial statements. Annual principal and interest on these agreements will be paid from the General Fund. The agreements are secured by the original property. The lessor also may repossess the property and seek full recovery of the losses upon default. The District currently has the following lease liability obligations outstanding:

Lease Description	Lease Date	Interest Rate	Final Maturity	Principal Outstanding
Bus lease	09/15/2020	2.68%	09/15/2027	\$ 299,758
Bus lease	08/15/2022	3.50%	09/15/2027	969,063
Bus lease	10/05/2022	3.85%	11/05/2029	633,881
Bus lease	08/15/2022	3.60%	09/15/2027	171,879
Bus lease	08/25/2023	4.99%	09/25/2025	913,023
Bus lease	08/25/2023	4.99%	09/25/2025	115,410
Step building space	09/01/2008	3.58%	11/01/2024	69,038
Total lease liability				\$ 3,172,052

D. Arbitrage Liability

The District must remit to the Internal Revenue Service any bond proceeds issued at one rate but reinvested at higher rates as arbitrage rebates. These rebates are calculated and remitted every five years and upon maturity of related debt. These rebates will be paid by the Capital Projects – Building Construction Fund. The arbitrage liability relates to the 2023 bond.

E. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including pensions, severance benefits, compensated absences, and OPEB. The details of these various benefit liabilities are discussed elsewhere in these notes. Such benefits are financed primarily from the General Fund. The District has also established an Employee Benefits Trust Fund to finance OPEB obligations.

District employees participate in two state-wide, cost-sharing, multiple-employer defined benefit pension plans administered by the PERA and the TRA. The following is a summary of the net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans for the current year:

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
PERA	\$ 10,507,158	\$ 3,406,106	\$ 4,130,084	\$ 1,341,813
TRA	44,682,684	10,054,600	2,654,048	(3,202,960)
Total	\$ 55,189,842	\$ 13,460,706	\$ 6,784,132	\$ (1,861,147)

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

F. Minimum Debt Payments

Minimum annual principal and interest payments to maturity for general obligation notes and bonds, certificates of participation, and lease liability are as follows:

Year Ending June 30,	General Obligation Notes and Bonds		Certificates of Participation		Lease Liability	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 5,610,000	\$ 5,998,154	\$ 655,000	\$ 126,950	\$ 922,005	\$ 138,286
2026	5,840,000	5,474,408	675,000	107,300	1,286,157	94,365
2027	6,240,000	5,256,055	690,000	87,050	371,602	57,120
2028	6,340,000	5,039,405	715,000	66,350	369,436	18,545
2029	6,595,000	4,839,740	730,000	44,900	113,013	6,603
2030–2034	34,520,000	21,297,904	1,515,000	45,600	109,839	1,946
2035–2039	47,330,000	14,526,050	–	–	–	–
2040–2044	38,550,000	6,602,745	–	–	–	–
2045–2046	15,890,000	834,900	–	–	–	–
	<u>\$ 166,915,000</u>	<u>\$ 69,869,361</u>	<u>\$ 4,980,000</u>	<u>\$ 478,150</u>	<u>\$ 3,172,052</u>	<u>\$ 316,865</u>

G. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Retirements*	Ending Balance	Due Within One Year
General obligation notes and bonds payable	\$ 152,210,000	\$ 20,035,000	\$ 5,330,000	\$ 166,915,000	\$ 5,610,000
Certificates of participation payable	5,610,000	–	630,000	4,980,000	655,000
Unamortized premium/discount	3,673,845	705,853	300,574	4,079,124	–
Total notes, bonds, and certificates payable	161,493,845	20,740,853	6,260,574	175,974,124	6,265,000
Lease liability	4,517,900	1,362,828	2,708,676	3,172,052	922,005
Arbitrage liability	–	368,217	–	368,217	–
Net pension liability	60,770,163	8,171,319	13,751,640	55,189,842	–
Net OPEB liability	7,341,101	379,907	208,526	7,512,482	–
Severance benefits payable	687,394	55,128	172,673	569,849	177,488
Compensated absences payable	957,307	795,723	699,522	1,053,508	699,522
	<u>\$ 235,767,710</u>	<u>\$ 31,873,975</u>	<u>\$ 23,801,611</u>	<u>\$ 243,840,074</u>	<u>\$ 8,064,015</u>

* The lease liability retirement amount includes \$1,715,432 that was the result of a lease termination in the current year and is not a debt service principal payment.

NOTE 5 – FUND BALANCES

The following is a breakdown of equity components of governmental funds, which are defined earlier in the report. When applicable, certain restrictions, which have an accumulated deficit balance at June 30, are included in unassigned fund balance in the District’s financial statements in accordance with accounting principles generally accepted in the United States of America. A description of these deficit balance restrictions is included herein since the District has specific authority to future resources for such deficits. At June 30, 2024, a summary of the District’s governmental fund balance classifications are as follows:

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable					
Inventory	\$ –	\$ –	\$ –	\$ 13,806	\$ 13,806
Prepaid items	171,690	–	–	11,397	183,087
Total nonspendable	<u>171,690</u>	<u>–</u>	<u>–</u>	<u>25,203</u>	<u>196,893</u>
Restricted					
Student activities	101,056	–	–	–	101,056
Literacy incentive aid	268,188	–	–	–	268,188
American Indian education aid	5,388	–	–	–	5,388
Long-term facilities maintenance	1,781,395	15,781,669	–	–	17,563,064
Student support personnel	73,431	–	–	–	73,431
Food service	–	–	–	1,207,155	1,207,155
Debt service	–	–	3,899,078	–	3,899,078
Community education programs	–	–	–	1,255,370	1,255,370
Early childhood and family education programs	–	–	–	374,941	374,941
School readiness	–	–	–	139,162	139,162
Community service	–	–	–	1,635	1,635
Total restricted	<u>2,229,458</u>	<u>15,781,669</u>	<u>3,899,078</u>	<u>2,978,263</u>	<u>24,888,468</u>
Assigned					
Severance	177,488	–	–	–	177,488
Unassigned					
	<u>5,005,200</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>5,005,200</u>
Total	<u><u>\$ 7,583,836</u></u>	<u><u>\$ 15,781,669</u></u>	<u><u>\$ 3,899,078</u></u>	<u><u>\$ 3,003,466</u></u>	<u><u>\$ 30,268,049</u></u>

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

The District participates in the following cost-sharing, multiple-employer defined benefit pension plans administered by the PERA and the TRA. The PERA's and the TRA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes. The PERA's and the TRA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code (IRC).

1. General Employees Retirement Fund (GERF)

The PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

Certain full-time and part-time employees of the District other than teachers are covered by the GERF. GERF members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Teachers Retirement Association (TRA)

The 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. The TRA is a separate statutory entity, administered by a Board of Trustees. The Board of Trustees consists of four active members, one retired member, and three statutory officials.

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

B. Benefits Provided

The PERA and the TRA provide retirement, disability, and death benefits. Benefit provisions are established by state statutes and can only be modified by the State Legislature.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. 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.

1. GERF Benefits

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

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Benefit increases are provided to benefit recipients each January. The post-retirement increase is equal to 50.0 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.0 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. For recipients receiving the annuity or benefit for at least one month, but less than a full year as of the June 30 before the effective date of the increase, will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

2. TRA Benefits

The 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 Statutes 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 the TRA's Coordinated and Basic Plan members. Members first employed before July 1, 1989, receive the greater of the Tier I or Tier II benefits as described.

Tier I Benefits

Step-Rate Formula	Percentage per Year
Basic Plan	
First 10 years of service	2.2 %
All years after	2.7 %
Coordinated Plan	
First 10 years if service years are up to July 1, 2006	1.2 %
First 10 years if service years are July 1, 2006 or after	1.4 %
All other years of service if service years are up to July 1, 2006	1.7 %
All other years of service if service years are July 1, 2006 or after	1.9 %

With these provisions:

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

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Tier II Benefits

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

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

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

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

C. Contributions

Minnesota Statutes set the rates for employer and employee contributions. Contribution rates can only be modified by the State Legislature.

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employee and employer contributions. Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024 and the District was required to contribute 7.50 percent for Coordinated Plan members. The District’s contributions to the GERF for the year ended June 30, 2024, were \$1,211,664. The District’s contributions were equal to the required contributions as set by state statutes.

2. TRA Contributions

Minnesota Statutes, Chapter 354 sets the rates for employer and employee contributions. Rates for each fiscal year were:

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

The District’s contributions to the TRA for the plan’s fiscal year ended June 30, 2024, were \$3,046,538. The District’s contributions were equal to the required contributions for each year as set by state statutes.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

The following is a reconciliation of employer contributions in the TRA’s fiscal year 2023 Annual Comprehensive Financial Report Statement of Changes in Fiduciary Net Position to the employer contributions used in the Schedule of Employer and Nonemployer Pension Allocations:

	<i>in thousands</i>
Employer contributions reported in the TRA’s Annual Comprehensive Financial Report Statement of Changes in Fiduciary Net Position	\$ 508,764
Add employer contributions not related to future contribution efforts	(87)
Deduct the TRA’s contributions not included in allocation	<u>(643)</u>
Total employer contributions	508,034
Total nonemployer contributions	<u>35,587</u>
Total contributions reported in the Schedule of Employer and Nonemployer Allocations	<u>\$ 543,621</u>

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

D. Pension Costs

1. GERF Pension Costs

At June 30, 2024, the District reported a liability of \$10,507,158 for its proportionate share of the General Employees Fund’s net pension liability. The District’s net pension liability reflected a reduction due to the state of Minnesota’s contribution of \$16 million. The state of Minnesota is considered a nonemployer contributing entity and the state’s contribution meets the definition of a special funding situation. The state of Minnesota’s proportionate share of the net pension liability associated with the District totaled \$289,676. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportionate share of the net pension liability was based on the District’s contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of the PERA’s participating employers. The District’s proportionate share was 0.1879 percent at the end of the measurement period and 0.1998 percent for the beginning of the period.

District’s proportionate share of the net pension liability	\$ 10,507,158
State’s proportionate share of the net pension liability associated with the District	<u>289,676</u>
Total	<u>\$ 10,796,834</u>

For the year ended June 30, 2024, the District recognized pension expense of \$1,340,511 for its proportionate share of the GERF’s pension expense. The District also recognized an additional \$1,302 as pension expense and grant revenue for its proportionate share of the state of Minnesota’s pension expense for the annual \$16 million contribution.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 350,306	\$ 75,887
Changes in actuarial assumptions	1,784,349	2,879,923
Net collective difference between projected and actual investment earnings on pension plan investments	–	290,545
Changes in proportion	59,787	883,729
District’s contributions to the GERF subsequent to the measurement date	<u>1,211,664</u>	<u>–</u>
Total	<u>\$ 3,406,106</u>	<u>\$ 4,130,084</u>

The \$1,211,664 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2025	\$ (20,358)
2026	\$ (1,782,278)
2027	\$ 94,929
2028	\$ (227,935)

2. TRA Pension Costs

At June 30, 2024, the District reported a liability of \$44,682,684 for its proportionate share of the TRA’s net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Minneapolis School District. The District’s proportionate share was 0.5412 percent at the end of the measurement period and 0.5613 percent for the beginning of the period.

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

District’s proportionate share of the net pension liability	\$ 44,682,684
State’s proportionate share of the net pension liability associated with the District	<u>3,129,903</u>
Total	<u>\$ 47,812,587</u>

For the year ended June 30, 2024, the District recognized negative pension expense of \$3,643,675. It also recognized \$440,715 as an increase to pension expense for the support provided by direct aid.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 460,714	\$ 656,126
Changes in actuarial assumptions	5,448,555	–
Net collective difference between projected and actual investment earnings on pension plan investments	–	199,285
Changes in proportion District’s contributions to the TRA subsequent to the measurement date	1,098,793	1,798,637
	<u>3,046,538</u>	<u>–</u>
Total	<u>\$ 10,054,600</u>	<u>\$ 2,654,048</u>

A total of \$3,046,538 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2025	\$ 488,521
2026	\$ 25,210
2027	\$ 5,042,845
2028	\$ (852,528)
2029	\$ (350,034)

E. Long-Term Expected Return on Investment

The State Board of Investment, which manages the investments of the PERA and the TRA, 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	33.50 %	5.10 %
International equity	16.50	5.30 %
Private markets	25.00	5.90 %
Fixed income	<u>25.00</u>	0.75 %
Total	<u>100.00 %</u>	

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.25%	2.50%
Wage growth rate		2.85% before July 1, 2028, and 3.25% thereafter
Projected salary increase	3.00%	2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% thereafter
Investment rate of return	7.00%	7.00%

1. GERF

The long-term rate of return on pension plan investments used in the determination of the total liability is 7.00 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.00 percent was deemed to be within that range of reasonableness for financial reporting purposes.

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

Salary growth assumptions in the GERF Plan range in annual increments from 10.25 percent after one year of service to 3.00 percent after 27 years of service.

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

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

2. TRA

Salary increases were based on a service-related table.

Mortality Assumptions Used in Valuation of Total Pension Liability	
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 and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 Scale.
Post-disability	RP-2014 Disabled Retiree Mortality Table, without adjustment.

Cost of living benefit increases after retirement for retirees are assumed to be 1.00 percent for January 2019 through January 2023, then increasing by 0.10 percent each year, up to 1.50 percent annually.

Actuarial assumptions for the TRA Plan were based on the results of actuarial experience studies. The most recent experience study in the TRA Plan was completed in 2019, with economic assumptions updated in 2019.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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

1. GERF

CHANGES IN PLAN PROVISIONS

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, noncompounding benefit increase of 2.50 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment return assumption and single discount rate were changed from 6.50 percent to 7.00 percent.

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

- The normal retirement age for active and eligible Tier II members will be 65 effective July 1, 2024.
- The employer contribution rate will increase from 8.75 percent to 9.50 percent on July 1, 2025.
- The employee contribution rate will increase from 7.75 percent to 8.00 percent on July 1, 2025.
- The pension adjustment rate for school districts and the base budgets for MnSCU, Perpich Center for Arts Education, and Minnesota academies will increase to reflect the 0.75 percent employer contribution rate increase.

G. Discount Rate

1. GERF

The discount rate used to measure the total pension liability in 2023 was 7.00 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 GERF 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.

2. TRA

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

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

H. Pension Liability Sensitivity

The following table presents the District’s proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed on the preceding page, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
GERF discount rate	6.00%	7.00%	8.00%
District’s proportionate share of the GERF net pension liability	\$ 18,588,006	\$ 10,507,158	\$ 3,860,353
TRA discount rate	6.00%	7.00%	8.00%
District’s proportionate share of the TRA net pension liability	\$ 71,265,595	\$ 44,682,684	\$ 22,921,335

I. Pension Plan Fiduciary Net Position

Detailed information about the 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.

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

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

The District provides post-employment benefits to certain eligible employees through the OPEB Plan, a single-employer defined benefit plan administered by the District. Management of the plan is vested with the School Board of the District. All post-employment benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements.

The District administers a defined benefit Post-Employment Benefits Trust Fund. The assets of the plan are reported in the District’s financial report in the Post-Employment Benefits Trust Fund, established by the District to finance these obligations. The plan assets may be used only for the payment of benefits of the plan, in accordance with the terms of the plan. The plan does not issue a publicly available financial report.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

B. Benefits Provided

All retirees of the District upon retirement have the option under state law to continue their medical insurance coverage through the District. For members of certain employee groups, the District pays for all or part of the eligible retiree’s premiums for medical and/or dental insurance from the time of retirement until the employee reaches the age of eligibility for Medicare. Benefits paid by the District differ by bargaining unit and date of hire, with some contracts specifying a certain dollar amount per month, and some covering premium costs as defined within each collective bargaining agreement. Retirees not eligible for these district-paid premium benefits must pay the full district premium rate for their coverage.

The District is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees until the retiree reaches Medicare eligibility, whether the premiums are paid by the District or the retiree. Consequently, participating retirees are considered to receive a secondary benefit known as an “implicit rate subsidy.” This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the District’s younger and statistically healthier active employees.

C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District has established the Post-Employment Benefits Trust Fund to finance these obligations.

D. Membership

Membership in the plan consisted of the following as of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	102
Active plan members	<u>739</u>
Total members	<u><u>841</u></u>

E. Net OPEB Liability of the District

The District’s net OPEB liability was measured as of June 30, 2024. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2022, and update procedures were used to roll forward the total OPEB liability to the measurement date. The components of the net OPEB liability of the District at year-end were as follows:

Total OPEB liability	\$ 7,877,597
Plan fiduciary net position	<u>(365,115)</u>
District’s net OPEB liability	<u><u>\$ 7,512,482</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u><u>4.6%</u></u>

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

F. Actuarial Method and Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2022, and a measurement date as of June 30, 2024, using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	4.10%
Expected long-term investment return	3.70% (net of investment expenses)
20-year municipal bond yield	4.10%
Inflation rate	2.50%
Salary increases	Service graded table
Medical trend rate	6.00%, grading to 5.00% over 5 years and then 4.00% over the next 48 years

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

The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

The District’s policy in regard to the allocation of invested assets is established and may be amended by the School Board by a majority vote of its members. It is the policy of the School Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes allowable under state statutes.

The long-term expected rate of return on OPEB Plan investments was set based on the plan’s target investment allocation described below, along with long-term return expectations by asset class. When there is sufficient historical evidence of market outperformance, historical average returns may be considered.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Fixed income	30.00 %	1.14 %
Cash	<u>70.00</u>	4.96 %
Total	<u>100.00 %</u>	3.70 %

G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 7.60 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

H. Discount Rate

The discount rate used to measure the total OPEB liability was 4.10 percent. The projection of cash flows used to determine the discount rate was determined by projecting forward the fiduciary net position (assets) as of the valuation date, increasing by the investment return assumption, and reducing by benefit payments in each period until assets are exhausted. Expected benefit payments by year were discounted using the expected asset return assumptions for the years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate. The contribution and benefit payment history, as well as the funding policy, have also been considered. The District discount rate used in the prior measurement date was 3.90 percent.

I. Changes in the Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Beginning balance	\$ 7,773,547	\$ 432,446	\$ 7,341,101
Changes for the year			
Service cost	472,063	–	472,063
Interest	310,224	–	310,224
Assumption changes	(90,306)	–	(90,306)
Employer contributions	–	487,931	(487,931)
Net investment income	–	16,001	(16,001)
Differences between expected and actual experience	–	16,918	(16,918)
Benefit payments – employer financed	(487,931)	(487,931)	–
Benefit payments – paid by trust	(100,000)	(100,000)	–
Administrative expenses	–	(250)	250
Total net changes	<u>104,050</u>	<u>(67,331)</u>	<u>171,381</u>
Ending balance	<u>\$ 7,877,597</u>	<u>\$ 365,115</u>	<u>\$ 7,512,482</u>

Assumption changes since the prior measurement date include the following:

- The expected long-term investment return was changed from 5.00 percent to 3.70 percent.
- The discount rate was changed from 3.90 percent to 4.10 percent.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

J. Net OPEB Liability Sensitivity to Discount and Healthcare Trend Rate Changes

The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB discount rate	3.10%	4.10%	5.10%
Net OPEB liability	\$ 8,054,356	\$ 7,512,482	\$ 7,001,524

The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using healthcare trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare trend rates:

	<u>1% Decrease in Healthcare Trend Rate</u>	<u>Current Healthcare Trend Rate</u>	<u>1% Increase in Healthcare Trend Rate</u>
Medical trend rate	5.00% decreasing to 4.00% then 3.00%	6.00% decreasing to 5.00% then 4.00%	7.00% decreasing to 6.00% then 5.00%
Net OPEB liability	\$ 6,728,606	\$ 7,512,482	\$ 8,434,256

K. OPEB Expense and Related Deferred Outflows of Resources and Deferred Inflows of Resources

For the current year ended, the District recognized OPEB expense of \$379,907. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ –	\$ 1,866,734
Changes in actuarial assumptions	311,784	806,871
Differences between projected and actual investment earnings	27,884	–
Total	<u>\$ 339,668</u>	<u>\$ 2,673,605</u>

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	OPEB Expense Amount
2025	\$ (386,673)
2026	\$ (390,572)
2027	\$ (373,462)
2028	\$ (340,192)
2029	\$ (377,575)
Thereafter	\$ (465,463)

NOTE 8 – FLEXIBLE BENEFIT PLAN

The District has a cafeteria plan (the Plan) established under § 125 of the IRC. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pretax dollars withheld from payroll checks to the Plan for healthcare and dependent care benefits.

Before the beginning of the Plan year, which is from September 1 to August 31, each participant designates a total amount of pretax dollars to be contributed to the Plan during the year. Payments are made from the Plan to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the participant. At June 30, the District is contingently liable for claims against the total amount of participants' annual contributions to the Plan, whether or not such contributions have been made.

The Plan is administered by the District for child care, medical expense reimbursements, and health insurance premiums. The District withholds amounts from employee payroll checks equal to the amount of the health insurance premiums owing and makes the premium payments when due. These payments are recorded in the General Fund. The medical reimbursement and dependent care activity in the financial statements is accounted for in the General Fund.

All plan property and income attributable to that property is solely the property of the District, subject to the claims of the District's general creditors. Participants' rights under the Plan are equal to those of general creditors of the District in an amount equal to the eligible healthcare and dependent care expenses incurred by the participants. The District believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 9 – HEALTHCARE REIMBURSEMENT PLAN

The District also maintains a healthcare reimbursement plan (the Healthcare Plan) under § 105 of the IRC. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Participants may use the funds contributed by the District to be reimbursed for uninsured health expenses paid, additional costs associated with health insurance coverage, or insurance premiums paid under a spouse or dependent plan.

All assets of the Healthcare Plan are held by the District. The Healthcare Plan is administered by an independent contract administrator and is included in the financial statements in the various district funds.

All property of the Healthcare Plan and income attributable to that property is solely the property of the District, subject to the claims of the District's general creditors. Participants' rights under the Healthcare Plan are equal to those of general creditors of the District in an amount equal to the eligible healthcare expenses incurred by the participants. The District believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 10 – INTERFUND TRANSACTIONS

Interfund Receivables and Payables

The District's General Fund has an interfund receivable from the fiduciary Post-Employment Benefits Trust Fund relating to post-employment benefit costs of \$100,000 to be reimbursed as of June 30, 2024.

The District's Dental Benefits Self-Insurance Internal Service Fund has an interfund receivable from the Health Benefits Self-Insurance Internal Service Fund of \$93,488 to eliminate temporary cash balance deficits.

Interfund receivables and payables reported in the fund financial statements are eliminated to the extent possible in the government-wide financial statements. However, receivables and payables between the District's governmental activities and the fiduciary fund are not eliminated.

NOTE 11 – STEWARDSHIP AND ACCOUNTABILITY

As of June 30, 2024, the District's Health Benefits Self-Insurance Internal Service Fund had a deficit net position of \$2,725,374. This deficit is expected to be eliminated through future premiums paid from the District's governmental funds.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Revenues

Amounts received or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of funds that may be disallowed by the agencies cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

NOTE 12 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

B. Legal Claims

The District has the usual and customary types of miscellaneous legal claims pending at year-end, mostly of a minor nature and usually covered by insurance carried for that purpose. Although the outcomes of these claims are not presently determinable, the District believes that the resolution of these matters will not have a material adverse effect on its financial position.

C. Guaranteed Energy Savings Commitment

During fiscal year 2016, the District entered into a guaranteed energy savings agreement under Minnesota Statutes, Section 471.345, Subd. 13, not to exceed 20 years. This agreement is for the purpose of implementing comprehensive utility cost-saving measures to improve the energy efficiency of school district facilities. As of June 30, 2024, the District has recorded \$1,895,000 as an intangible asset related to this energy savings contract. Total accumulated depreciation/amortization on these intangible assets at year-end was \$672,128. The District is also required to purchase the energy generated by the solar panels owned by the provider that are installed on various buildings of the District.

D. Purchase Power Commitment

During fiscal year 2018, the District entered into five community solar garden subscription agreements. The District is committed to purchasing up to 36.94 percent of the annual delivered energy of three solar systems, 29.77 percent of the annual delivered energy of one solar system, and 34.25 percent of the annual delivered energy of one solar system for a period of 25 years from the commercial operation starting date to receive bill credits associated with the energy production.

During fiscal year 2018, the District entered into two community solar garden subscription agreements. The District is committed to purchasing up to 23.00 percent of the annual delivered energy for a period of 25 years from the commercial operation date of December 31, 2017 to receive bill credits associated with the energy production.

During fiscal year 2019, the District entered into one community solar garden subscription agreement. The District is committed to purchasing up to 40.00 percent of the annual delivered energy for a period of 25 years from the commercial operation starting date to receive bill credits associated with the energy production.

During fiscal year 2019, the District entered into two community solar garden subscription agreements. The District is committed to purchasing up to 36.00 percent of the annual delivered energy for a period of 25 years from the commercial operation date of September 30, 2018 to receive bill credits associated with the energy production.

During fiscal year 2021, the District entered into two community solar garden subscription agreements. The District is committed to purchasing up to 6.70 percent of the annual delivered energy of one solar system and 2.00 percent of the annual delivered energy of one solar system. These agreements are for a period of 25 years from the commercial operation date of July 30, 2021 to receive bill credits associated with the energy production.

During fiscal year 2021, the District entered into one community solar garden subscription agreement. The District is committed to purchasing up to 5.22 percent of the annual delivered energy for a period of 25 years from the commercial operation date of July 30, 2021 to receive bill credits associated with the energy production.

NOTE 12 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

During fiscal year 2021, the District entered into one community solar garden subscription agreement. The District is committed to purchasing up to 6.70 percent of the annual delivered energy for a period of 25 years from the commercial operation date of July 30, 2021 to receive bill credits associated with the energy production.

During fiscal year 2021, the District entered into one community solar garden subscription agreement. The District is committed to purchasing up to 2.57 percent of the annual delivered energy for a period of 25 years from the commercial operation date of July 30, 2021 to receive bill credits associated with the energy production.

During fiscal year 2021, the District entered into one community solar garden subscription agreement. The District is committed to purchasing up to 10.00 percent of the annual delivered energy for a period of 25 years from the commercial operation date of July 30, 2021 to receive bill credits associated with the energy production.

During fiscal year 2023, the District entered into one community solar garden subscription agreement. The District is committed to purchasing up to 12.00 percent of the annual delivered energy for a period of 25 years from the commercial operation date of December 31, 2022 to receive bill credits associated with the energy production.

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REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 831

Public Employees Retirement Association Pension Benefits Plan
 Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
 Year Ended June 30, 2024

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.2504%	\$ 11,762,537	\$ -	\$ 11,762,537	\$ 13,148,109	89.46%	78.70%
06/30/2016	06/30/2015	0.2348%	\$ 12,168,555	\$ -	\$ 12,168,555	\$ 13,777,131	88.32%	78.20%
06/30/2017	06/30/2016	0.2280%	\$ 18,512,470	\$ 241,803	\$ 18,754,273	\$ 14,132,795	130.99%	68.90%
06/30/2018	06/30/2017	0.2318%	\$ 14,797,960	\$ 186,086	\$ 14,984,046	\$ 14,933,242	99.09%	75.90%
06/30/2019	06/30/2018	0.2176%	\$ 12,071,556	\$ 396,078	\$ 12,467,634	\$ 14,645,936	82.42%	79.50%
06/30/2020	06/30/2019	0.2053%	\$ 11,350,577	\$ 352,818	\$ 11,703,395	\$ 14,467,360	78.46%	80.20%
06/30/2021	06/30/2020	0.2088%	\$ 12,518,514	\$ 386,136	\$ 12,904,650	\$ 14,891,478	84.06%	79.10%
06/30/2022	06/30/2021	0.1970%	\$ 8,412,783	\$ 256,889	\$ 8,669,672	\$ 14,171,781	59.36%	87.00%
06/30/2023	06/30/2022	0.1998%	\$ 15,824,228	\$ 464,015	\$ 16,288,243	\$ 14,976,050	105.66%	76.70%
06/30/2024	06/30/2023	0.1879%	\$ 10,507,158	\$ 289,676	\$ 10,796,834	\$ 14,945,305	70.30%	83.10%

Public Employees Retirement Association Pension Benefits Plan
 Schedule of District Contributions
 Year Ended June 30, 2024

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 1,018,736	\$ 1,018,736	\$ -	\$ 13,777,131	7.39%
06/30/2016	\$ 1,060,550	\$ 1,060,550	\$ -	\$ 14,132,795	7.50%
06/30/2017	\$ 1,120,066	\$ 1,120,066	\$ -	\$ 14,933,242	7.50%
06/30/2018	\$ 1,096,981	\$ 1,096,981	\$ -	\$ 14,645,936	7.49%
06/30/2019	\$ 1,084,088	\$ 1,084,088	\$ -	\$ 14,467,360	7.49%
06/30/2020	\$ 1,116,340	\$ 1,116,340	\$ -	\$ 14,891,478	7.50%
06/30/2021	\$ 1,062,123	\$ 1,062,123	\$ -	\$ 14,171,781	7.49%
06/30/2022	\$ 1,122,439	\$ 1,122,439	\$ -	\$ 14,976,050	7.49%
06/30/2023	\$ 1,120,640	\$ 1,120,640	\$ -	\$ 14,945,305	7.50%
06/30/2024	\$ 1,211,664	\$ 1,211,664	\$ -	\$ 16,165,134	7.50%

INDEPENDENT SCHOOL DISTRICT NO. 831

Teachers Retirement Association Pension Benefits Plan
 Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
 Year Ended June 30, 2024

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.6615%	\$ 30,481,444	\$ 2,144,221	\$ 32,625,665	\$ 30,196,677	100.94%	81.50%
06/30/2016	06/30/2015	0.6052%	\$ 37,437,605	\$ 4,591,853	\$ 42,029,458	\$ 30,724,443	121.85%	76.80%
06/30/2017	06/30/2016	0.5824%	\$138,916,297	\$ 13,944,490	\$152,860,787	\$ 30,285,682	458.69%	44.88%
06/30/2018	06/30/2017	0.6119%	\$122,146,340	\$ 11,808,367	\$133,954,707	\$ 32,939,487	370.82%	51.57%
06/30/2019	06/30/2018	0.5462%	\$ 34,306,472	\$ 3,223,106	\$ 37,529,578	\$ 30,174,216	113.69%	78.07%
06/30/2020	06/30/2019	0.5170%	\$ 32,953,689	\$ 2,916,546	\$ 35,870,235	\$ 29,353,536	112.26%	78.21%
06/30/2021	06/30/2020	0.5635%	\$ 41,632,135	\$ 3,488,762	\$ 45,120,897	\$ 32,746,274	127.14%	75.48%
06/30/2022	06/30/2021	0.5665%	\$ 24,791,734	\$ 2,090,980	\$ 26,882,714	\$ 33,899,760	73.13%	86.63%
06/30/2023	06/30/2022	0.5613%	\$ 44,945,935	\$ 3,332,999	\$ 48,278,934	\$ 34,698,474	129.53%	76.17%
06/30/2024	06/30/2023	0.5412%	\$ 44,682,684	\$ 3,129,903	\$ 47,812,587	\$ 34,412,015	129.85%	76.42%

Teachers Retirement Association Pension Benefits Plan
 Schedule of District Contributions
 Year Ended June 30, 2024

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Contributions Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 2,304,333	\$ 2,304,333	\$ -	\$ 30,724,443	7.50%
06/30/2016	\$ 2,271,426	\$ 2,271,426	\$ -	\$ 30,285,682	7.50%
06/30/2017	\$ 2,470,228	\$ 2,470,228	\$ -	\$ 32,939,487	7.50%
06/30/2018	\$ 2,267,163	\$ 2,267,163	\$ -	\$ 30,174,216	7.51%
06/30/2019	\$ 2,262,283	\$ 2,262,283	\$ -	\$ 29,353,536	7.71%
06/30/2020	\$ 2,593,206	\$ 2,593,206	\$ -	\$ 32,746,274	7.92%
06/30/2021	\$ 2,756,049	\$ 2,756,049	\$ -	\$ 33,899,760	8.13%
06/30/2022	\$ 2,892,845	\$ 2,892,845	\$ -	\$ 34,698,474	8.34%
06/30/2023	\$ 2,941,813	\$ 2,941,813	\$ -	\$ 34,412,015	8.55%
06/30/2024	\$ 3,046,538	\$ 3,046,538	\$ -	\$ 34,825,930	8.75%

INDEPENDENT SCHOOL DISTRICT NO. 831

Other Post-Employment Benefits Plan
 Schedule of Changes in the District's Net
 OPEB Liability and Related Ratios
 Year Ended June 30, 2024

	District Fiscal Year-End Date							
	2017	2018	2019	2020	2021	2022	2023	2024
Total OPEB liability								
Service cost	\$ 492,508	\$ 458,783	\$ 499,612	\$ 577,722	\$ 642,830	\$ 508,257	\$ 472,946	\$ 472,063
Interest	245,576	257,179	315,686	289,203	249,731	205,388	345,888	310,224
Assumption changes	-	(290,265)	233,741	367,034	(224,076)	(806,423)	90,967	(90,306)
Plan changes	-	-	25,530	-	76,387	-	34,180	-
Differences between expected and actual experience	-	-	(554,899)	-	(721,541)	-	(1,646,896)	-
Benefit payments	(340,848)	(267,136)	(364,440)	(210,518)	(234,710)	(795,707)	(302,974)	(587,931)
Net change in total OPEB liability	397,236	158,561	155,230	1,023,441	(211,379)	(888,485)	(1,005,889)	104,050
Total OPEB liability – beginning of year	8,144,832	8,542,068	8,700,629	8,855,859	9,879,300	9,667,921	8,779,436	7,773,547
Total OPEB liability – end of year	8,542,068	8,700,629	8,855,859	9,879,300	9,667,921	8,779,436	7,773,547	7,877,597
Plan fiduciary net position								
Employer contributions	-	-	14,440	-	19,710	45,707	2,974	487,931
Net investment income	19,917	32,754	51,796	53,470	40,470	43,267	35,465	16,001
Differences between expected and actual experience	-	-	(15,935)	(210)	(19,513)	(75,679)	(12,078)	16,918
Benefit payments	(340,848)	(267,136)	(364,440)	(210,518)	(234,710)	(795,707)	(302,974)	(587,931)
Administrative expenses	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)
Net change in plan fiduciary net position	(321,181)	(234,632)	(314,389)	(157,508)	(194,293)	(782,662)	(276,863)	(67,331)
Plan fiduciary net position – beginning of year	2,713,974	2,392,793	2,158,161	1,843,772	1,686,264	1,491,971	709,309	432,446
Plan fiduciary net position – end of year	2,392,793	2,158,161	1,843,772	1,686,264	1,491,971	709,309	432,446	365,115
Net OPEB liability	\$ 6,149,275	\$ 6,542,468	\$ 7,012,087	\$ 8,193,036	\$ 8,175,950	\$ 8,070,127	\$ 7,341,101	\$ 7,512,482
Fiduciary net position as a percentage of the total OPEB liability	28.0%	24.8%	20.8%	17.1%	15.4%	8.1%	5.6%	4.6%
Covered-employee payroll	\$ 39,738,394	\$ 40,930,546	\$ 37,903,982	\$ 39,041,102	\$ 42,337,029	\$ 43,607,140	\$ 43,330,628	\$ 44,630,547
Net OPEB liability as a percentage of covered-employee payroll	15.5%	16.0%	18.5%	21.0%	19.3%	18.5%	16.9%	16.8%

Note: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 831

Other Post-Employment Benefits Plan
Schedule of Investment Returns
Year Ended June 30, 2024

<u>Year</u>	<u>Annual Money-Weighted Rate of Return Net of Investment Expense</u>
2017	0.70%
2018	1.40%
2019	1.70%
2020	2.90%
2021	1.20%
2022	(2.20%)
2023	3.30%
2024	7.60%

Note: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

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INDEPENDENT SCHOOL DISTRICT NO. 831

Notes to Required Supplementary Information
June 30, 2024

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2023 CHANGES IN PLAN PROVISIONS

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, noncompounding benefit increase of 2.50 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment return assumption and single discount rate were changed from 6.50 percent to 7.00 percent.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2020 CHANGES IN PLAN PROVISIONS

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020 through December 31, 2023, and zero percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- 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 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two through five, and slightly higher thereafter.
- 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.

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2020 CHANGES IN ACTUARIAL ASSUMPTIONS (CONTINUED)

- 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 MP-2018 to MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100.00 percent joint and survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent joint and survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

2019 CHANGES IN PLAN PROVISIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to zero percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement 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.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2017 CHANGES IN PLAN PROVISIONS

- The state's contribution for the Minneapolis Employees Retirement Fund equals \$16.0 million in 2017 and 2018, and \$6.0 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21.0 million to \$31.0 million in calendar years 2019 to 2031. The state's contribution changed from \$16.0 million to \$6.0 million in calendar years 2019 to 2031.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and nonvested deferred members. The revised CSA loads are now zero percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for nonvested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years, to 1.00 percent per year through 2044, and 2.50 percent per year thereafter.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035, and 2.50 percent per year thereafter, to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 7.50 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 CHANGES IN PLAN PROVISIONS

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Retirement Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892.0 million. Upon consolidation, state and employer contributions were revised; the state's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030, and 2.50 percent per year thereafter, to 1.00 percent per year through 2035, and 2.50 percent per year thereafter.

TEACHERS RETIREMENT ASSOCIATION (TRA)

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The normal retirement age for active and eligible Tier II members will be 65 effective July 1, 2024.
- The employer contribution rate will increase from 8.75 percent to 9.50 percent on July 1, 2025.
- The employee contribution rate will increase from 7.75 percent to 8.00 percent on July 1, 2025.
- The pension adjustment rate for school districts and the base budgets for MnSCU, Perpich Center for Arts Education, and Minnesota academies will increase to reflect the 0.75 percent employer contribution rate increase.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

- The cost of living adjustment (COLA) was reduced from 2.00 percent each January 1 to 1.00 percent, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.10 percent each year until reaching the ultimate rate of 1.50 percent on January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit, are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.50 percent if the funded ratio was at least 90.00 percent 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 4.00 percent to 3.00 percent, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.50 percent to 7.50 percent, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years, (7.71 percent in 2018, 7.92 percent in 2019, 8.13 percent in 2020, 8.34 percent in 2021, 8.55 percent in 2022, and 8.75 percent in 2023). In addition, the employee contribution rate will increase from 7.50 percent to 7.75 percent on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment return assumption was changed from 8.50 percent to 7.50 percent.
- The single discount rate changed from 5.12 percent to 7.50 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The COLA was assumed to increase from 2.00 percent annually to 2.50 percent annually on July 1, 2045.
- The COLA was not assumed to increase to 2.50 percent, but remain at 2.00 percent for all future years.
- Adjustments were made to the CSA loads. The active load was reduced from 1.40 percent to zero percent, the vested inactive load increased from 4.00 percent to 7.00 percent, and the nonvested inactive load increased from 4.00 percent to 9.00 percent.

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS (CONTINUED)

- The investment return assumption was changed from 8.00 percent to 7.50 percent.
- The price inflation assumption was lowered from 2.75 percent to 2.50 percent.
- The payroll growth assumption was lowered from 3.50 percent to 3.00 percent.
- The general wage growth assumption was lowered from 3.50 percent to 2.85 percent for 10 years, followed by 3.25 percent thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.
- The single discount rate changed from 4.66 percent to 5.12 percent.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The single discount rate was changed from 8.00 percent to 4.66 percent.

2015 CHANGES IN PLAN PROVISIONS

- The Duluth Teachers Retirement Fund Association was merged into the TRA on June 30, 2015.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The annual COLA for the June 30, 2015 valuation assumed 2.00 percent. The prior year valuation used 2.00 percent, with an increase to 2.50 percent commencing in 2034.
- The discount rate used to measure the total pension liability was 8.00 percent. This is a decrease from the discount rate at the prior measurement date of 8.25 percent.

OTHER POST-EMPLOYMENT BENEFITS PLAN

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 5.00 percent to 3.70 percent.
- The discount rate was changed from 3.90 percent to 4.10 percent.

2023 CHANGES IN PLAN PROVISIONS

- The principals' and activities directors' post-employment subsidy calculation changed. Accumulated unused sick days are those exceeding 105, but not more than 125. Previously, unused sick days were those exceeding 105, but not more than 115.
- The assessment and evaluation coordinator and full-time department coordinators' post-employment subsidy calculation changed. Accumulated unused sick days are those exceeding 195, but not more than 125. Previously, unused sick days were those exceeding 205, but not more than 115. Accumulated unused sick days are multiplied by half of the daily rate of pay. Previously, unused sick days were multiplied by the substitute teachers' daily rate of pay.

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The salary increase rates for non-teachers were updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.
- The expected long-term investment return was changed from 2.90 percent to 5.00 percent.
- The discount rate was changed from 3.80 percent to 3.90 percent.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 2.40 percent to 2.90 percent.
- The discount rate was changed from 2.10 percent to 3.80 percent.

2021 CHANGES IN PLAN PROVISIONS

- A subsidy was added for the superintendent. Unused sick days over 200, multiplied by half the daily rate of pay will be held by the District to pay medical premiums upon retirement.
- The coordinators' sick leave accrual increased from 18 days per year to 20 days per year.
- The substitute teachers' daily rate of pay increased from \$120 to \$130.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare 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-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees to rates that vary by service and contract group.
- The expected long-term investment return was changed from 2.90 percent to 2.40 percent.
- The discount rate was changed from 2.40 percent to 2.10 percent.

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 2.40 percent to 2.90 percent.
- The discount rate was changed from 3.10 percent to 2.40 percent.

2019 CHANGES IN PLAN PROVISIONS

- Unused sick days over 100, but limited to 50 days, multiplied by the daily rate of pay, are being held by the District to pay medical premiums for the superintendent, who retired in 2017. This benefit was not valued in the prior valuation.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare 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-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The discount rate was changed from 3.50 percent to 3.10 percent.
- The trend on estimated post-age 65 premiums, which are assumed to be withdrawn from unused sick leave balances held by the District, was changed from being the same as the healthcare trend rates noted above, to 4.00 percent per year.
- For current and future retirees, except directors, we previously assumed the full pre- and post-age 65 premium amounts would be withdrawn from unused sick leave balances each year. The valuation we are assuming at 50.00 percent of these amounts will be withdrawn each year. For directors, we are assuming \$5,000 (increasing 4.00 percent per year) will be withdrawn each year, starting after the 10 years of district-paid premiums end. This is the same assumption used in the prior valuation.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.90 percent to 3.50 percent.

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SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 831

Nonmajor Governmental Funds
 Combining Balance Sheet
 as of June 30, 2024

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>Food Service</u>	<u>Community Service</u>	
Assets			
Cash and temporary investments	\$ 1,223,301	\$ 2,504,240	\$ 3,727,541
Receivables			
Current taxes	–	852,802	852,802
Delinquent taxes	–	16,811	16,811
Accounts and interest	–	19,183	19,183
Due from other governmental units	150,701	146,453	297,154
Inventory	13,806	–	13,806
Prepaid items	10,741	656	11,397
	<u>1,398,549</u>	<u>3,540,145</u>	<u>4,938,694</u>
Liabilities			
Salaries payable	\$ 18,687	\$ 204,201	\$ 222,888
Accounts and contracts payable	41,104	58,670	99,774
Due to other governmental units	–	20	20
Unearned revenue	107,056	–	107,056
Total liabilities	<u>166,847</u>	<u>262,891</u>	<u>429,738</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	–	1,496,898	1,496,898
Unavailable revenue – delinquent taxes	–	8,592	8,592
Total deferred inflows of resources	<u>–</u>	<u>1,505,490</u>	<u>1,505,490</u>
Fund balances			
Nonspendable	24,547	656	25,203
Restricted	1,207,155	1,771,108	2,978,263
Total fund balances	<u>1,231,702</u>	<u>1,771,764</u>	<u>3,003,466</u>
	<u>\$ 1,398,549</u>	<u>\$ 3,540,145</u>	<u>\$ 4,938,694</u>
Total liabilities, deferred inflows of resources, and fund balances			

INDEPENDENT SCHOOL DISTRICT NO. 831

Nonmajor Governmental Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended June 30, 2024

	Special Revenue Funds		Total
	Food Service	Community Service	
Revenue			
Local sources			
Property taxes	\$ —	\$ 1,434,279	\$ 1,434,279
Investment earnings	35,384	100,284	135,668
Other	599,154	3,291,243	3,890,397
State sources	2,939,097	944,791	3,883,888
Federal sources	2,382,528	31,003	2,413,531
Total revenue	<u>5,956,163</u>	<u>5,801,600</u>	<u>11,757,763</u>
Expenditures			
Current			
Food service	5,179,013	—	5,179,013
Community service	—	5,554,256	5,554,256
Capital outlay	293,500	99,381	392,881
Total expenditures	<u>5,472,513</u>	<u>5,653,637</u>	<u>11,126,150</u>
Excess of revenue over expenditures	483,650	147,963	631,613
Other financing sources			
Sale of assets	3,949	—	3,949
Net change in fund balances	487,599	147,963	635,562
Fund balances			
Beginning of year	744,103	1,623,801	2,367,904
End of year	<u>\$ 1,231,702</u>	<u>\$ 1,771,764</u>	<u>\$ 3,003,466</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

General Fund
Comparative Balance Sheet
as of June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Cash and temporary investments	\$ 18,577,527	\$ 8,959,828
Receivables		
Current taxes	12,534,602	10,717,966
Delinquent taxes	219,860	180,077
Accounts and interest	83,117	66,076
Due from other governmental units	8,711,931	9,313,167
Due from other funds	100,000	425,000
Prepaid items	<u>171,690</u>	<u>200,185</u>
Total assets	<u>\$ 40,398,727</u>	<u>\$ 29,862,299</u>
Liabilities		
Salaries payable	\$ 434,700	\$ 424,641
Accounts and contracts payable	10,229,315	9,800,634
Due to other governmental units	801,149	924,803
Unearned revenue	<u>10,286</u>	<u>6,100</u>
Total liabilities	11,475,450	11,156,178
Deferred inflows of resources		
Property taxes levied for subsequent year	21,226,870	18,237,284
Unavailable revenue – delinquent taxes	<u>112,571</u>	<u>106,462</u>
Total deferred inflows of resources	21,339,441	18,343,746
Fund balances (deficits)		
Nonspendable for prepaid items	171,690	200,185
Restricted for student activities	101,056	122,714
Restricted for literacy incentive aid	268,188	–
Restricted for American Indian education aid	5,388	–
Restricted for achievement and integration	–	68,273
Restricted for long-term facilities maintenance	1,781,395	–
Restricted for student support personnel	73,431	–
Assigned for severance	177,488	195,749
Unassigned – long-term facilities maintenance restricted account deficit	–	(2,705,167)
Unassigned	<u>5,005,200</u>	<u>2,480,621</u>
Total fund balances	<u>7,583,836</u>	<u>362,375</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 40,398,727</u>	 <u>\$ 29,862,299</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2024
 (With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024		Over (Under)	2023
	Budget	Actual	Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 19,285,188	\$ 19,570,204	\$ 285,016	\$ 18,177,247
Investment earnings	263,839	547,578	283,739	457,304
Other	2,415,000	2,852,679	437,679	2,729,623
State sources	67,889,884	68,261,981	372,097	60,817,495
Federal sources	2,605,397	2,788,166	182,769	3,724,895
Total revenue	92,459,308	94,020,608	1,561,300	85,906,564
Expenditures				
Current				
Administration				
Salaries	2,588,471	2,507,978	(80,493)	2,404,685
Employee benefits	1,191,079	1,233,846	42,767	1,088,916
Purchased services	31,307	41,181	9,874	24,547
Supplies and materials	18,510	14,078	(4,432)	16,154
Other expenditures	56,600	52,761	(3,839)	59,081
Total administration	3,885,967	3,849,844	(36,123)	3,593,383
District support services				
Salaries	1,523,174	1,631,678	108,504	1,482,465
Employee benefits	932,947	853,215	(79,732)	699,962
Purchased services	952,714	881,472	(71,242)	833,415
Supplies and materials	393,000	186,160	(206,840)	292,120
Other expenditures	14,288	6,819	(7,469)	81,914
Total district support services	3,816,123	3,559,344	(256,779)	3,389,876
Elementary and secondary regular instruction				
Salaries	20,745,559	18,888,619	(1,856,940)	19,030,568
Employee benefits	7,833,428	8,244,089	410,661	7,336,923
Purchased services	1,667,565	1,884,932	217,367	1,798,641
Supplies and materials	1,124,828	1,089,663	(35,165)	1,259,470
Capital expenditures	1,000	185,379	184,379	739,867
Other expenditures	27,597	151,115	123,518	143,044
Total elementary and secondary regular instruction	31,399,977	30,443,797	(956,180)	30,308,513

INDEPENDENT SCHOOL DISTRICT NO. 831

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual (continued)
 Year Ended June 30, 2024
 (With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024		Over (Under) Budget	2023
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	1,206,799	999,835	(206,964)	1,028,457
Employee benefits	387,798	349,950	(37,848)	347,761
Purchased services	33,888	37,406	3,518	43,481
Supplies and materials	42,131	44,629	2,498	38,969
Capital expenditures	44,658	60,199	15,541	44,658
Other expenditures	650	6,313	5,663	6,701
Total vocational education instruction	1,715,924	1,498,332	(217,592)	1,510,027
Special education instruction				
Salaries	9,857,979	11,300,209	1,442,230	10,322,735
Employee benefits	3,763,338	4,233,543	470,205	3,512,269
Purchased services	2,071,377	1,872,490	(198,887)	2,052,108
Supplies and materials	60,065	111,653	51,588	103,202
Capital expenditures	4,580	37,272	32,692	11,792
Other expenditures	48,622	59,315	10,693	60,859
Total special education instruction	15,805,961	17,614,482	1,808,521	16,062,965
Instructional support services				
Salaries	4,664,296	4,746,879	82,583	4,765,040
Employee benefits	1,429,441	1,505,544	76,103	1,406,679
Purchased services	386,882	322,339	(64,543)	387,517
Supplies and materials	106,955	81,496	(25,459)	88,051
Capital expenditures	500	280	(220)	18,477
Other expenditures	17,225	23,982	6,757	35,691
Total instructional support services	6,605,299	6,680,520	75,221	6,701,455
Pupil support services				
Salaries	5,330,079	5,122,041	(208,038)	4,998,584
Employee benefits	1,945,931	2,099,652	153,721	1,774,600
Purchased services	2,962,730	3,824,017	861,287	3,407,633
Supplies and materials	864,887	904,393	39,506	939,810
Capital expenditures	–	1,362,828	1,362,828	3,459,143
Other expenditures	–	17,817	17,817	17,912
Total pupil support services	11,103,627	13,330,748	2,227,121	14,597,682

INDEPENDENT SCHOOL DISTRICT NO. 831

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual (continued)
 Year Ended June 30, 2024
 (With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024		Over (Under) Budget	2023
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	2,555,544	2,683,073	127,529	2,264,453
Employee benefits	1,199,350	1,254,585	55,235	1,158,289
Purchased services	4,134,207	3,548,154	(586,053)	4,054,395
Supplies and materials	402,809	504,713	101,904	434,196
Capital expenditures	728,940	568,140	(160,800)	2,522,728
Other expenditures	1,000	10,048	9,048	8,991
Total sites and buildings	<u>9,021,850</u>	<u>8,568,713</u>	<u>(453,137)</u>	<u>10,443,052</u>
Fiscal and other fixed cost programs				
Purchased services	627,373	834,214	206,841	652,894
Debt service				
Principal	1,640,000	1,623,244	(16,756)	1,784,698
Interest and fiscal charges	183,865	256,526	72,661	269,733
Total debt service	<u>1,823,865</u>	<u>1,879,770</u>	<u>55,905</u>	<u>2,054,431</u>
Total expenditures	<u>85,805,966</u>	<u>88,259,764</u>	<u>2,453,798</u>	<u>89,314,278</u>
Excess (deficiency) of revenue over expenditures	6,653,342	5,760,844	(892,498)	(3,407,714)
Other financing sources (uses)				
Debt issued	–	1,362,828	1,362,828	3,409,659
Premium on debt issued	–	–	–	71,375
Sale of assets	–	23,013	23,013	–
Insurance recovery	–	74,776	74,776	51,261
Transfers out	–	–	–	(1,606,517)
Total other financing sources (uses)	<u>–</u>	<u>1,460,617</u>	<u>1,460,617</u>	<u>1,925,778</u>
Net change in fund balances	<u>\$ 6,653,342</u>	7,221,461	<u>\$ 568,119</u>	(1,481,936)
Fund balances				
Beginning of year		<u>362,375</u>		<u>1,844,311</u>
End of year		<u>\$ 7,583,836</u>		<u>\$ 362,375</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

Food Service Special Revenue Fund
 Comparative Balance Sheet
 as of June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Cash and temporary investments	\$ 1,223,301	\$ 751,333
Receivables		
Accounts and interest	-	2,680
Due from other governmental units	150,701	127,063
Inventory	13,806	12,165
Prepaid items	<u>10,741</u>	<u>12,366</u>
Total assets	<u>\$ 1,398,549</u>	<u>\$ 905,607</u>
Liabilities		
Salaries payable	\$ 18,687	\$ 17,954
Accounts and contracts payable	41,104	21,119
Unearned revenue	<u>107,056</u>	<u>122,431</u>
Total liabilities	166,847	161,504
Fund balances		
Nonspendable for inventory	13,806	12,165
Nonspendable for prepaid items	10,741	12,366
Restricted for food service	<u>1,207,155</u>	<u>719,572</u>
Total fund balances	<u>1,231,702</u>	<u>744,103</u>
Total liabilities and fund balances	<u>\$ 1,398,549</u>	<u>\$ 905,607</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

Food Service Special Revenue Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual

Year Ended June 30, 2024

(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024		Over (Under) Budget	2023
	Budget	Actual		Actual
Revenue				
Local sources				
Investment earnings	\$ -	\$ 35,384	\$ 35,384	\$ -
Other – primarily meal sales	539,205	599,154	59,949	2,126,087
State sources	2,797,000	2,939,097	142,097	214,551
Federal sources	2,103,223	2,382,528	279,305	2,273,454
Total revenue	<u>5,439,428</u>	<u>5,956,163</u>	<u>516,735</u>	<u>4,614,092</u>
Expenditures				
Current				
Salaries	1,575,224	1,631,286	56,062	1,614,907
Employee benefits	475,554	526,493	50,939	462,360
Purchased services	207,063	167,493	(39,570)	211,876
Supplies and materials	2,711,791	2,850,502	138,711	2,520,349
Other expenditures	4,620	3,239	(1,381)	1,951
Capital outlay	277,540	293,500	15,960	199,694
Total expenditures	<u>5,251,792</u>	<u>5,472,513</u>	<u>220,721</u>	<u>5,011,137</u>
Excess (deficiency) of revenue over expenditures	187,636	483,650	296,014	(397,045)
Other financing sources				
Sale of assets	10,000	3,949	(6,051)	-
Net change in fund balances	<u>\$ 197,636</u>	487,599	<u>\$ 289,963</u>	(397,045)
Fund balances				
Beginning of year		<u>744,103</u>		<u>1,141,148</u>
End of year		<u>\$ 1,231,702</u>		<u>\$ 744,103</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

Community Service Special Revenue Fund
 Comparative Balance Sheet
 as of June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Cash and temporary investments	\$ 2,504,240	\$ 2,371,895
Receivables		
Current taxes	852,802	806,497
Delinquent taxes	16,811	13,577
Accounts and interest	19,183	23,489
Due from other governmental units	146,453	114,672
Prepaid items	<u>656</u>	<u>700</u>
Total assets	<u>\$ 3,540,145</u>	<u>\$ 3,330,830</u>
Liabilities		
Salaries payable	\$ 204,201	\$ 205,338
Accounts and contracts payable	58,670	54,278
Due to other governmental units	<u>20</u>	<u>145</u>
Total liabilities	<u>262,891</u>	<u>259,761</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	1,496,898	1,439,332
Unavailable revenue – delinquent taxes	<u>8,592</u>	<u>7,936</u>
Total deferred inflows of resources	<u>1,505,490</u>	<u>1,447,268</u>
Fund balances		
Nonspendable for prepaid items	656	700
Restricted for community education programs	1,255,370	1,137,524
Restricted for early childhood family education programs	374,941	285,000
Restricted for school readiness	139,162	185,925
Restricted for community service	<u>1,635</u>	<u>14,652</u>
Total fund balances	<u>1,771,764</u>	<u>1,623,801</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 3,540,145</u>	 <u>\$ 3,330,830</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

Community Service Special Revenue Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual

Year Ended June 30, 2024

(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024		Over (Under)	2023
	Budget	Actual	Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 1,436,362	\$ 1,434,279	\$ (2,083)	\$ 1,396,075
Investment earnings	–	100,284	100,284	–
Other – primarily tuition and fees	3,280,257	3,291,243	10,986	3,318,599
State sources	807,132	944,791	137,659	807,330
Federal sources	37,494	31,003	(6,491)	50,773
Total revenue	<u>5,561,245</u>	<u>5,801,600</u>	<u>240,355</u>	<u>5,572,777</u>
Expenditures				
Current				
Salaries	3,665,942	3,493,401	(172,541)	3,276,551
Employee benefits	1,340,655	1,079,920	(260,735)	985,347
Purchased services	560,390	646,197	85,807	654,635
Supplies and materials	231,538	330,159	98,621	255,447
Other expenditures	8,970	4,579	(4,391)	4,377
Capital outlay	15,450	99,381	83,931	52,111
Total expenditures	<u>5,822,945</u>	<u>5,653,637</u>	<u>(169,308)</u>	<u>5,228,468</u>
Net change in fund balances	<u>\$ (261,700)</u>	147,963	<u>\$ 409,663</u>	344,309
Fund balances				
Beginning of year		<u>1,623,801</u>		<u>1,279,492</u>
End of year		<u>\$ 1,771,764</u>		<u>\$ 1,623,801</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

Capital Projects – Building Construction Fund
 Comparative Balance Sheet
 as of June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Cash and temporary investments	\$ 16,393,708	\$ 687,766
Receivables		
Accounts and interest	<u>86,232</u>	<u>–</u>
Total assets	<u>\$ 16,479,940</u>	<u>\$ 687,766</u>
Liabilities		
Accounts and contracts payable	\$ 698,271	\$ 953,642
Fund balances (deficit)		
Restricted for long-term facilities maintenance	15,781,669	–
Unassigned – long-term facilities maintenance restricted account deficit	<u>–</u>	<u>(265,876)</u>
Total fund balances	<u>15,781,669</u>	<u>(265,876)</u>
Total liabilities and fund balances	<u>\$ 16,479,940</u>	<u>\$ 687,766</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

Capital Projects – Building Construction Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual

Year Ended June 30, 2024

(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024		Over (Under) Budget	2023
	Budget	Actual		Actual
Revenue				
Local sources				
Investment earnings	\$ 500,000	\$ 812,210	\$ 312,210	\$ 150,860
Expenditures				
Capital outlay				
Purchased services	1,000,000	811,190	(188,810)	98,213
Capital expenditures	4,000,000	3,282,449	(717,551)	5,459,878
Debt service				
Fiscal charges and other	–	246,507	246,507	109,447
Total expenditures	<u>5,000,000</u>	<u>4,340,146</u>	<u>(659,854)</u>	<u>5,667,538</u>
Excess (deficiency) of revenue over expenditures	(4,500,000)	(3,527,936)	972,064	(5,516,678)
Other financing sources				
Debt issued	19,500,000	18,869,628	(630,372)	4,200,000
Premium on debt issued	–	705,853	705,853	68,851
Transfers in	–	–	–	1,606,517
Total other financing sources	<u>19,500,000</u>	<u>19,575,481</u>	<u>75,481</u>	<u>5,875,368</u>
Net change in fund balances	<u>\$ 15,000,000</u>	<u>16,047,545</u>	<u>\$ 1,047,545</u>	<u>358,690</u>
Fund balances (deficit)				
Beginning of year		<u>(265,876)</u>		<u>(624,566)</u>
End of year		<u>\$ 15,781,669</u>		<u>\$ (265,876)</u>

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INDEPENDENT SCHOOL DISTRICT NO. 831

Debt Service Fund
 Balance Sheet by Account
 as of June 30, 2024
 (With Comparative Totals as of June 30, 2023)

	Regular	OPEB	Totals	
	Debt Service Account	Debt Service Account	2024	2023
Assets				
Cash and temporary investments	\$ 8,067,159	\$ 390,184	\$ 8,457,343	\$ 6,697,319
Receivables				
Current taxes	5,984,106	308,595	6,292,701	6,209,024
Delinquent taxes	122,186	6,354	128,540	105,450
Due from other governmental units	21,521	74	21,595	19,531
Total assets	\$ 14,194,972	\$ 705,207	\$ 14,900,179	\$ 13,031,324
Liabilities				
Accounts and contracts payable	\$ 1,751	\$ –	\$ 1,751	\$ –
Deferred inflows of resources				
Property taxes levied for subsequent year	10,390,320	541,767	10,932,087	10,961,338
Unavailable revenue – delinquent taxes	63,981	3,282	67,263	64,955
Total deferred inflows of resources	10,454,301	545,049	10,999,350	11,026,293
Fund balances				
Restricted for debt service	3,738,920	160,158	3,899,078	2,005,031
Total liabilities, deferred inflows of resources, and fund balances	\$ 14,194,972	\$ 705,207	\$ 14,900,179	\$ 13,031,324

INDEPENDENT SCHOOL DISTRICT NO. 831

Debt Service Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account
 Budget and Actual
 Year Ended June 30, 2024
 (With Comparative Actual Amounts for the Year Ended June 30, 2023)

	Budget	2024 Actual	
		Regular Debt Service Account	OPEB Debt Service Account
Revenue			
Local sources			
Property taxes	\$ 10,950,275	\$ 10,241,126	\$ 543,008
Investment earnings	–	227,600	3,978
State sources	2,810	215,207	738
Total revenue	<u>10,953,085</u>	<u>10,683,933</u>	<u>547,724</u>
Expenditures			
Debt service			
Principal	5,330,000	4,890,000	440,000
Interest	5,152,964	5,049,134	103,830
Fiscal charges and other	170	19,543	475
Total expenditures	<u>10,483,134</u>	<u>9,958,677</u>	<u>544,305</u>
Excess of revenue over expenditures	469,951	725,256	3,419
Other financing sources			
Debt issued	–	1,165,372	–
Net change in fund balances	<u>\$ 469,951</u>	<u>1,890,628</u>	<u>3,419</u>
Fund balances			
Beginning of year		<u>1,848,292</u>	<u>156,739</u>
End of year		<u>\$ 3,738,920</u>	<u>\$ 160,158</u>

		2023
Total	Over (Under) Budget	Actual
\$ 10,784,134	\$ (166,141)	\$ 9,983,522
231,578	231,578	42,540
215,945	213,135	195,330
<u>11,231,657</u>	<u>278,572</u>	<u>10,221,392</u>
5,330,000	–	5,045,000
5,152,964	–	5,090,181
20,018	19,848	14,128
<u>10,502,982</u>	<u>19,848</u>	<u>10,149,309</u>
728,675	258,724	72,083
<u>1,165,372</u>	<u>1,165,372</u>	<u>–</u>
1,894,047	<u>\$ 1,424,096</u>	72,083
<u>2,005,031</u>		<u>1,932,948</u>
<u>\$ 3,899,078</u>		<u>\$ 2,005,031</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

Internal Service Funds
 Combining Statement of Net Position
 as of June 30, 2024

(With Comparative Totals as of June 30, 2023)

	Health Benefits Self-Insurance	Dental Benefits Self-Insurance	Totals	
			2024	2023
Assets				
Current assets				
Cash and temporary investments	\$ –	\$ 447,354	\$ 447,354	\$ 502,688
Receivables				
Accounts and interest	172,988	1,242	174,230	254,496
Due from other funds	–	93,488	93,488	42,894
Prepaid items	173,900	–	173,900	173,900
Total current assets	<u>346,888</u>	<u>542,084</u>	<u>888,972</u>	<u>973,978</u>
Liabilities				
Current liabilities				
Accounts and contracts payable	93,829	2,875	96,704	247,730
Due to other funds	93,488	–	93,488	42,894
Unearned revenue	1,958,830	103,336	2,062,166	1,807,260
Claims incurred, but not reported	926,115	8,475	934,590	932,045
Total current liabilities	<u>3,072,262</u>	<u>114,686</u>	<u>3,186,948</u>	<u>3,029,929</u>
Net position				
Unrestricted	<u>\$ (2,725,374)</u>	<u>\$ 427,398</u>	<u>\$ (2,297,976)</u>	<u>\$ (2,055,951)</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

Internal Service Funds
 Combining Statement of Revenue, Expenses, and Changes in Net Position
 Year Ended June 30, 2024
 (With Comparative Totals for the Year Ended June 30, 2023)

	Health Benefits Self-Insurance	Dental Benefits Self-Insurance	Totals	
			2024	2023
Operating revenue				
Charges for services				
Contributions from governmental funds	\$ 8,981,313	\$ 515,459	\$ 9,496,772	\$ 10,034,619
Operating expenses				
Health benefit claims	9,246,266	-	9,246,266	10,010,503
Dental benefit claims	-	511,910	511,910	589,388
Total operating expenses	<u>9,246,266</u>	<u>511,910</u>	<u>9,758,176</u>	<u>10,599,891</u>
Operating income (loss)	(264,953)	3,549	(261,404)	(565,272)
Nonoperating revenue				
Investment earnings	-	19,379	19,379	31,905
Change in net position	(264,953)	22,928	(242,025)	(533,367)
Net position				
Beginning of year	<u>(2,460,421)</u>	<u>404,470</u>	<u>(2,055,951)</u>	<u>(1,522,584)</u>
End of year	<u>\$ (2,725,374)</u>	<u>\$ 427,398</u>	<u>\$ (2,297,976)</u>	<u>\$ (2,055,951)</u>

INDEPENDENT SCHOOL DISTRICT NO. 831

Internal Service Funds
 Combining Statement of Cash Flows
 Year Ended June 30, 2024
 (With Comparative Totals for the Year Ended June 30, 2023)

	Health Benefits	Dental Benefits	Totals	
	Self-Insurance	Self-Insurance	2024	2023
Cash flows from operating activities				
Contributions from governmental funds	\$ 9,317,485	\$ 514,459	\$ 9,831,944	\$ 9,536,492
Payment for health claims	(9,368,079)	–	(9,368,079)	(10,617,755)
Payment for dental claims	–	(538,578)	(538,578)	(598,557)
Net cash flows from operating activities	(50,594)	(24,119)	(74,713)	(1,679,820)
Cash flows from noncapital financing activities				
Cash advance from other funds	50,594	–	50,594	42,894
Cash paid to other funds	–	(50,594)	(50,594)	(42,894)
Net cash flows from noncapital financing activities	50,594	(50,594)	–	–
Cash flows from investing activities				
Investment income received	–	19,379	19,379	31,905
Net change in cash and cash equivalents	–	(55,334)	(55,334)	(1,647,915)
Cash and cash equivalents				
Beginning of year	–	502,688	502,688	2,150,603
End of year	\$ –	\$ 447,354	\$ 447,354	\$ 502,688
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ (264,953)	\$ 3,549	\$ (261,404)	\$ (565,272)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Changes in assets and liabilities				
Accounts and interest receivable	80,634	(368)	80,266	(231,140)
Prepaid items	–	–	–	(173,900)
Accounts and contracts payable	(131,433)	(19,593)	(151,026)	(484,810)
Unearned revenue	255,538	(632)	254,906	(266,987)
Claims incurred, but not reported	9,620	(7,075)	2,545	42,289
Net cash flows from operating activities	\$ (50,594)	\$ (24,119)	\$ (74,713)	\$ (1,679,820)

OTHER DISTRICT INFORMATION

(UNAUDITED)

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INDEPENDENT SCHOOL DISTRICT NO. 831

Government-Wide Revenue by Type
Last Ten Fiscal Years

Year Ended June 30,	Program Revenues			General Revenues			Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Property Taxes	General Grants and Aids	Investment Earnings and Other	
2015	\$ 6,423,354 7%	\$ 11,968,641 14%	\$ – –	\$ 17,571,864 21%	\$ 49,259,872 57%	\$ 1,193,682 1%	\$ 86,417,413 100%
2016	6,847,529 8%	12,672,382 14%	– –	17,057,514 20%	49,382,999 57%	629,701 1%	86,590,125 100%
2017	6,437,175 7%	13,194,175 15%	– –	19,430,966 21%	50,352,014 55%	1,585,486 2%	90,999,816 100%
2018	6,697,514 7%	13,334,671 14%	– –	23,571,789 25%	48,177,917 52%	1,955,966 2%	93,737,857 100%
2019	6,891,345 8%	13,306,489 14%	– –	22,372,109 24%	46,735,121 51%	2,605,932 3%	91,910,996 100%
2020	5,313,535 5%	13,010,160 14%	– –	27,031,623 28%	48,773,418 51%	1,570,554 2%	95,699,290 100%
2021	3,570,969 4%	14,315,351 14%	– –	28,190,860 29%	51,422,933 52%	1,125,026 1%	98,625,139 100%
2022	5,018,226 5%	18,539,329 17%	– –	29,180,891 27%	52,091,600 49%	2,103,255 2%	106,933,301 100%
2023	6,693,331 6%	17,295,883 16%	1,276,700 1%	29,548,749 28%	51,068,090 47%	2,214,848 2%	108,097,601 100%
2024	5,250,937 4%	25,654,194 22%	– –	31,797,690 27%	52,114,353 44%	3,340,290 3%	118,157,464 100%

INDEPENDENT SCHOOL DISTRICT NO. 831

Government-Wide Expenses by Function
Last Ten Fiscal Years

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction	Instructional Support Services	Pupil Support Services
2015	\$ 3,226,706 4%	\$ 3,072,069 4%	\$ 29,472,957 36%	\$ 863,577 1%	\$ 12,018,150 14%	\$ 5,120,151 6%	\$ 10,278,319 12%
2016	3,796,645 4%	2,322,473 3%	29,008,857 33%	954,911 1%	12,558,342 14%	4,610,217 5%	11,046,015 13%
2017	4,923,047 4%	2,052,095 2%	39,074,208 35%	1,727,610 1%	17,305,271 16%	6,333,778 6%	12,344,131 11%
2018	3,618,600 3%	2,774,376 3%	36,792,292 34%	1,604,135 1%	16,690,659 16%	6,380,709 6%	11,308,606 11%
2019	2,404,931 3%	2,914,489 4%	15,406,822 22%	551,470 1%	9,188,795 13%	3,770,996 5%	9,919,553 14%
2020	3,527,550 4%	2,825,243 3%	29,013,805 29%	1,647,733 2%	14,352,862 14%	7,738,382 8%	11,321,031 11%
2021	3,732,567 4%	2,920,183 3%	32,235,382 31%	1,741,085 2%	14,439,227 14%	7,479,775 7%	11,334,205 11%
2022	3,614,109 4%	3,042,190 3%	29,686,990 29%	1,393,696 1%	14,879,136 15%	6,651,162 6%	11,973,638 12%
2023	3,000,486 3%	3,270,369 4%	22,911,656 24%	1,158,013 1%	13,355,477 14%	5,401,683 6%	12,669,291 13%
2024	3,670,141 4%	3,194,988 3%	27,231,839 26%	1,289,867 1%	16,184,175 16%	6,008,005 6%	12,839,041 12%

Sites and Buildings	Fiscal and Other Fixed Cost Programs	Food Service	Community Service	Depreciation/Amortization Not Allocated to Other Functions	Interest and Fiscal Charges	Total
\$ 7,444,141 9%	\$ 379,529 -	\$ 4,138,798 5%	\$ 4,321,014 5%	\$ 2,488,510 3%	\$ 1,019,716 1%	\$ 83,843,637 100%
8,776,019 10%	526,412 1%	4,276,582 5%	4,531,548 5%	2,545,922 3%	2,243,227 3%	87,197,170 100%
8,490,188 8%	574,212 1%	3,957,910 4%	4,990,631 4%	2,835,218 3%	5,475,005 5%	110,083,304 100%
10,704,394 10%	635,768 1%	3,775,043 3%	4,956,962 5%	2,946,179 3%	4,860,767 4%	107,048,490 100%
9,509,308 13%	520,000 1%	3,642,072 5%	4,447,056 6%	4,393,215 6%	5,170,398 7%	71,839,105 100%
7,648,115 8%	650,000 1%	3,526,004 4%	4,855,822 5%	6,209,276 6%	5,489,519 5%	98,805,342 100%
8,130,514 8%	645,420 1%	3,057,501 3%	4,397,440 4%	7,061,377 7%	5,589,973 5%	102,764,649 100%
7,905,801 8%	735,321 1%	4,397,786 4%	4,698,261 5%	7,570,657 7%	5,308,431 5%	101,857,178 100%
8,323,000 9%	652,894 1%	5,097,442 5%	5,041,758 5%	8,050,402 9%	5,316,029 6%	94,248,500 100%
8,218,905 8%	834,214 1%	5,487,028 5%	5,519,083 5%	7,827,137 7%	6,150,170 6%	104,454,593 100%

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INDEPENDENT SCHOOL DISTRICT NO. 831

General Fund Revenue by Source
Last Ten Fiscal Years

Year Ended June 30,	Local Property Tax Levies	State Revenue	Federal Revenue	Other Local and Miscellaneous	Total
2015	\$ 10,566,174 14%	\$ 56,971,250 79%	\$ 2,000,562 3%	\$ 2,639,541 4%	\$ 72,177,527 100%
2016	10,143,433 14%	57,995,977 80%	1,833,859 3%	2,255,801 3%	72,229,070 100%
2017	12,003,610 16%	57,412,440 78%	1,902,513 3%	2,374,673 3%	73,693,236 100%
2018	13,421,398 18%	57,201,749 76%	1,953,798 3%	2,589,135 3%	75,166,080 100%
2019	11,976,441 16%	58,120,768 77%	1,943,362 3%	3,110,611 4%	75,151,182 100%
2020	16,942,049 21%	57,199,212 73%	2,119,589 3%	2,560,763 3%	78,821,613 100%
2021	17,321,043 21%	57,516,905 71%	4,146,102 5%	2,198,158 3%	81,182,208 100%
2022	18,186,743 21%	59,202,914 69%	5,213,559 6%	3,268,220 4%	85,871,436 100%
2023	18,177,247 21%	60,817,495 71%	3,724,895 4%	3,186,927 4%	85,906,564 100%
2024	19,570,204 21%	68,261,981 72%	2,788,166 3%	3,400,257 4%	94,020,608 100%

INDEPENDENT SCHOOL DISTRICT NO. 831

General Fund Expenditures by Function
Last Ten Fiscal Years

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction
2015	\$ 3,298,590 5%	\$ 3,085,780 4%	\$ 29,877,813 40%	\$ 872,825 1%	\$ 12,139,538 16%
2016	3,654,157 5%	2,299,936 3%	28,929,355 41%	942,709 1%	12,427,639 18%
2017	3,706,541 5%	1,981,718 3%	27,796,600 38%	1,331,649 2%	13,191,811 18%
2018	3,305,470 4%	2,794,017 4%	27,505,436 37%	1,228,503 2%	12,505,873 17%
2019	3,237,724 4%	2,967,753 4%	26,064,394 35%	1,059,116 1%	12,741,535 17%
2020	3,372,758 4%	2,906,337 4%	27,191,856 35%	1,555,531 2%	13,637,180 17%
2021	3,615,285 4%	2,903,287 4%	29,556,070 36%	1,638,936 2%	13,484,153 17%
2022	3,554,400 4%	3,127,221 3%	30,088,093 34%	1,421,255 1%	15,135,532 17%
2023	3,593,383 4%	3,389,876 4%	30,308,513 34%	1,510,027 2%	16,062,965 18%
2024	3,849,844 4%	3,559,344 4%	30,443,797 34%	1,498,332 2%	17,614,482 20%

<u>Instructional Support Services</u>	<u>Pupil Support Services</u>	<u>Sites and Buildings</u>	<u>Other Programs</u>	<u>Total</u>
\$ 5,312,438 7%	\$ 10,214,856 14%	\$ 8,657,555 12%	\$ 692,148 1%	\$ 74,151,543 100%
4,571,268 6%	11,113,359 15%	7,306,746 10%	842,963 1%	72,088,132 100%
4,875,659 7%	11,214,282 15%	8,252,564 11%	899,378 1%	73,250,202 100%
5,258,752 7%	10,874,254 14%	10,193,913 14%	946,706 1%	74,612,924 100%
5,286,816 7%	11,736,493 16%	10,863,761 15%	828,465 1%	74,786,057 100%
7,467,572 9%	11,471,940 15%	10,325,268 13%	884,360 1%	78,812,802 100%
6,999,335 9%	10,792,226 13%	11,011,143 14%	881,180 1%	80,881,615 100%
6,809,508 8%	12,191,222 14%	13,965,344 16%	2,859,692 3%	89,152,267 100%
6,701,455 7%	14,597,682 16%	10,443,052 12%	2,707,325 3%	89,314,278 100%
6,680,520 8%	13,330,748 15%	8,568,713 10%	2,713,984 3%	88,259,764 100%

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INDEPENDENT SCHOOL DISTRICT NO. 831

School Tax Levies and Tax Rates by Fund
Last Ten Fiscal Years

	Year Collectible	General Fund	Community Service Special Revenue Fund	Debt Service Fund	Total All Funds
Levies					
	2015	\$ 11,337,029	\$ 915,154	\$ 4,658,652	\$ 16,910,835
	2016	11,996,073	986,419	6,482,348	19,464,840
	2017	12,927,090	1,057,994	9,197,425	23,182,509
	2018	11,282,541	1,137,354	9,300,188	21,720,083
	2019	16,981,566	1,212,469	9,005,584	27,199,619
	2020	17,087,846	1,245,373	9,793,569	28,126,788
	2021	17,769,591	860,199	10,336,924	28,966,714
	2022	17,701,769	1,399,569	10,125,011	29,226,349
	2023	19,066,913	1,439,332	10,961,338	31,467,583
	2024	21,958,838	1,496,898	10,932,087	34,387,823
Tax rates					
Tax capacity rates					
	2015	9.898	1.849	9.398	21.145
	2016	10.145	1.952	12.806	24.903
	2017	11.781	2.005	17.427	31.213
	2018	8.426	1.940	15.864	26.230
	2019	8.625	1.926	14.306	24.857
	2020	8.641	1.857	14.599	25.097
	2021	9.229	1.218	14.642	25.089
	2022	9.004	1.873	13.549	24.426
	2023	8.724	1.572	11.971	22.267
	2024	10.729	1.503	10.983	23.215
Market value rates					
	2015	0.13351	—	—	0.13351
	2016	0.13979	—	—	0.13979
	2017	0.12865	—	—	0.12865
	2018	0.11395	—	—	0.11395
	2019	0.20186	—	—	0.20186
	2020	0.17344	—	—	0.17344
	2021	0.16723	—	—	0.16723
	2022	0.15336	—	—	0.15336
	2023	0.12825	—	—	0.12825
	2024	0.12232	—	—	0.12232

Note: A tax rate based on market value is used primarily for the District's referendum, equity, and transition levies.

Source: State of Minnesota School Tax Report

INDEPENDENT SCHOOL DISTRICT NO. 831

Tax Capacities and Market Values
Last Ten Fiscal Years

For Taxes Collectible	Net Tax Capacities				
	Agricultural	Nonagricultural	Tax Increment	Fiscal Disparities	
				Contribution	Distribution
2015	\$ 1,947,446	\$ 46,296,615	\$ (828,748)	\$ (3,089,582)	\$ 4,621,327
2016	1,958,007	48,029,784	(197,609)	(3,149,763)	4,689,654
2017	2,010,419	50,174,007	(316,163)	(3,216,864)	5,264,712
2018	2,083,679	53,722,499	(327,428)	(3,169,145)	5,521,366
2019	2,127,411	58,412,990	(437,588)	(3,258,899)	5,834,684
2020	2,241,354	63,039,694	(761,940)	(3,495,850)	6,144,151
2021	2,446,212	66,057,877	(898,774)	(3,495,118)	6,456,084
2022	2,529,092	69,760,889	(973,551)	(3,904,950)	7,053,473
2023	3,010,868	86,349,155	(1,042,590)	(3,950,810)	6,492,046
2024	3,256,668	95,446,841	(1,278,693)	(4,250,778)	6,559,751

Note: Market value is used primarily for extension of the District's referendum levy.

Source: State of Minnesota School Tax Report

<u>Total Taxable</u>	<u>Market Value</u>
\$ 48,947,058	\$ 4,328,284,000
51,330,073	4,484,223,100
53,916,111	4,672,890,900
57,830,971	4,992,499,000
62,678,598	5,413,348,800
67,167,409	5,831,765,400
70,566,281	6,086,754,570
74,464,953	6,416,807,947
90,858,669	7,892,213,962
99,733,789	8,571,142,760

INDEPENDENT SCHOOL DISTRICT NO. 831

Property Tax Levies and Receivables
Last Ten Fiscal Years

For Taxes Collectible	Original Levy			
	Local Spread	Fiscal Disparities	Property Tax Credits	Total Spread
2015	\$ 15,139,104	\$ 1,771,731	\$ -	\$ 16,910,835
2016	17,861,854	1,602,986	-	19,464,840
2017	21,163,913	2,018,596	-	23,182,509
2018	19,314,437	2,405,646	-	21,720,083
2019	24,932,058	2,164,987	102,574	27,199,619
2020	25,294,660	2,708,298	123,830	28,126,788
2021	26,132,524	2,690,687	143,503	28,966,714
2022	26,188,742	2,891,075	146,532	29,226,349
2023	28,767,231	2,533,407	166,945	31,467,583
2024	31,964,041	2,248,012	175,770	34,387,823

Note: Delinquent taxes are written off after seven years.

Source: State of Minnesota School Tax Report

Uncollected Taxes Receivable as of June 30, 2024

Delinquent		Current	
Amount	Percent	Amount	Percent
\$ -	- %	\$ -	- %
-	-	-	-
-	-	-	-
28,912	0.13	-	-
9,909	0.04	-	-
3,811	0.01	-	-
17,180	0.06	-	-
49,373	0.17	-	-
256,026	0.81	-	-
-	-	19,680,105	57.23
<u>\$ 365,211</u>		<u>\$ 19,680,105</u>	

INDEPENDENT SCHOOL DISTRICT NO. 831

Student Enrollment
Last Ten Fiscal Years

Year Ended June 30,	Adjusted Average Daily Membership (ADM)					Total Pupil Units
	Pre-Kindergarten	Kindergarten	Elementary	Secondary	Total	
2015	66.02	435.25	2,960.46	3,164.73	6,626.46	7,259.42
2016	51.72	411.94	2,814.95	3,173.63	6,452.24	7,086.98
2017	58.31	440.86	2,701.60	3,091.89	6,292.66	6,911.03
2018	52.90	421.50	2,620.92	3,028.80	6,124.12	6,729.89
2019	55.09	396.51	2,609.78	2,997.49	6,058.87	6,658.37
2020	54.35	393.69	2,476.35	2,980.92	5,905.31	6,501.51
2021	47.70	382.56	2,473.38	2,944.46	5,848.10	6,436.97
2022	56.10	417.71	2,507.63	2,884.72	5,866.16	6,443.13
2023	62.63	337.39	2,495.27	2,885.10	5,780.39	6,357.40
2024	69.00	375.00	2,391.00	2,825.00	5,660.00	6,225.00

Note 1: Student enrollment numbers are estimated for the most recent fiscal year.

Note 2: ADM is weighted as follows in computing pupil units:

	Pre-Kindergarten	Half-Day Kindergarten	Full-Day Kindergarten	Elementary 1-6	Elementary 7-12+
Fiscal 2015 through 2024	1.000	0.550	1.000	1.000	1.200

Source: Minnesota Department of Education student reporting system

SINGLE AUDIT AND OTHER REQUIRED REPORTS

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INDEPENDENT SCHOOL DISTRICT NO. 831

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN	Federal Expenditures
U.S. Department of Agriculture		
Passed through Minnesota Department of Education		
Child nutrition cluster		
School Breakfast Program	10.553	\$ 401,480
National School Lunch Program	10.555	1,906,288
Summer Food Service Program for Children	10.559	49,760
Total child nutrition cluster		\$ 2,357,528
Child Nutrition Discretionary Grants Limited Availability	10.579	25,000
COVID-19 – Pandemic EBT Administrative Costs	10.649	3,256
U.S. Department of Education		
Direct		
Indian Education Grants to Local Educational Agencies	84.060	13,105
Passed through Minnesota Department of Education		
Special education cluster		
Special Education Grant to States	84.027	1,314,915
Special Education Preschool Grants	84.173	67,446
Total special education cluster		1,382,361
Title I Grants to Local Educational Agencies	84.010	616,703
Special Education – Grants for Infants and Families	84.181	25,469
English Language Acquisition State Grants	84.365	49,349
Supporting Effective Instruction State Grants	84.367	160,255
Education Stabilization Fund		
COVID-19 – American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	242,225
Passed through Independent School District No. 622		
Adult Education – Basic Grants to States	84.002	4,571
Passed through Northeast Metropolitan Intermediate School District No. 916		
Career and Technical Education – Basic Grants to States	84.048	98,362
U.S. Department of Health and Human Services		
Passed through Minnesota Department of Human Services		
Block Grants for Prevention and Treatment of Substance Abuse	93.959	223,511
Total federal awards		\$ 5,201,695

Note 1: The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the District's basic financial statements.

Note 2: All pass-through entities listed above use the same federal Assistance Listing Numbers (ALN) as the federal grantors to identify these grants, and have not assigned any additional identifying numbers.

Note 3: The District did not elect to use the 10 percent de minimis indirect cost rate.

Note 4: The District had \$40,936 transferred into Supporting Effective Instruction State Grants, federal ALN 84.367 from other Title programs.

Note 5: The District had \$373,413 of noncash assistance included in the National School Lunch Program, federal ALN 10.555.

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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

To the School Board and Management of
Independent School District No. 831
Forest Lake, 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 the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 831 (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 25, 2024.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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. 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 or significant deficiencies may exist that have not been identified.

(continued)

REPORT ON COMPLIANCE AND OTHER MATTERS

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

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

Malloy, Montague, Karnowski, Radosevich & Co., P. A.

Minneapolis, Minnesota
November 25, 2024



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

To the School Board and Management of
Independent School District No. 831
Forest Lake, Minnesota

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

OPINION ON EACH MAJOR FEDERAL PROGRAM

We have audited Independent School District No. 831’s (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2024. The District’s major federal programs are identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

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

BASIS FOR OPINION ON EACH MAJOR FEDERAL PROGRAM

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

(continued)

RESPONSIBILITIES OF MANAGEMENT FOR COMPLIANCE

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF COMPLIANCE

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to on the previous page occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with 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 on the previous page is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with 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 District's compliance with the compliance requirements referred to on the previous page and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

(continued)

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 on the previous page 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.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota

November 25, 2024

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INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

To the School Board and Management of
Independent School District No. 831
Forest Lake, 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 the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 831 (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 25, 2024.

MINNESOTA LEGAL COMPLIANCE

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

PURPOSE OF THIS REPORT

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 report is not suitable for any other purpose.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
November 25, 2024

INDEPENDENT SCHOOL DISTRICT NO. 831

Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

A. SUMMARY OF AUDIT RESULTS

This summary is formatted to provide federal granting agencies and pass-through agencies answers to specific questions regarding the audit of federal awards.

Financial Statements

What type of auditor’s report is issued? X Unmodified
 Qualified
 Adverse
 Disclaimer

Internal control over financial reporting:

Material weakness(es) identified? Yes X No
 Significant deficiencies identified? Yes X None reported
 Noncompliance material to the financial statements noted? Yes X No

Federal Awards

Internal controls over major federal award programs:

Material weakness(es) identified? Yes X No
 Significant deficiencies identified? Yes X None reported

Type of auditor’s report issued on compliance for major programs?

U.S. Department of Agriculture – child nutrition cluster Unmodified

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

Programs tested as major programs:

Program or Cluster	Federal ALN
U.S. Department of Agriculture – child nutrition cluster consisting of:	
– School Breakfast Program	10.553
– National School Lunch Program	10.555
– Summer Food Service Program for Children	10.559

Threshold for distinguishing between type A and B programs. \$ 750,000

Does the auditee qualify as a low-risk auditee? X Yes No

INDEPENDENT SCHOOL DISTRICT NO. 831

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2024

B. FINANCIAL STATEMENT FINDINGS

None.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

D. MINNESOTA LEGAL COMPLIANCE FINDINGS

None.

INDEPENDENT SCHOOL DISTRICT NO. 831

Uniform Financial Accounting and Reporting Standards
Compliance Table
June 30, 2024

	Audit	UFARS	Audit – UFARS
General Fund			
Total revenue	\$ 94,020,608	\$ 94,020,607	\$ 1
Total expenditures	\$ 88,259,764	\$ 88,259,764	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ 171,690	\$ 171,690	\$ –
Restricted			
401 Student activities	\$ 101,056	\$ 101,056	\$ –
402 Scholarships	\$ –	\$ –	\$ –
403 Staff development	\$ –	\$ –	\$ –
407 Capital projects levy	\$ –	\$ –	\$ –
408 Cooperative revenue	\$ –	\$ –	\$ –
412 Literacy incentive aid	\$ 268,188	\$ 268,188	\$ –
414 Operating debt	\$ –	\$ –	\$ –
416 Levy reduction	\$ –	\$ –	\$ –
417 Taconite building maintenance	\$ –	\$ –	\$ –
420 American Indian education aid	\$ 5,388	\$ 5,388	\$ –
424 Operating capital	\$ –	\$ –	\$ –
426 \$25 taconite	\$ –	\$ –	\$ –
427 Disabled accessibility	\$ –	\$ –	\$ –
428 Learning and development	\$ –	\$ –	\$ –
434 Area learning center	\$ –	\$ –	\$ –
435 Contracted alternative programs	\$ –	\$ –	\$ –
436 State approved alternative programs	\$ –	\$ –	\$ –
438 Gifted and talented	\$ –	\$ –	\$ –
439 English learner	\$ –	\$ –	\$ –
440 Teacher development and evaluation	\$ –	\$ –	\$ –
441 Basic skills programs	\$ –	\$ –	\$ –
443 School library aid	\$ –	\$ –	\$ –
448 Achievement and integration	\$ –	\$ –	\$ –
449 Safe schools levy	\$ –	\$ –	\$ –
451 QZAB payments	\$ –	\$ –	\$ –
452 OPEB liability not in trust	\$ –	\$ –	\$ –
453 Unfunded severance and retirement levy	\$ –	\$ –	\$ –
459 Basic skills extended time	\$ –	\$ –	\$ –
467 Long-term facilities maintenance	\$ 1,781,395	\$ 1,781,395	\$ –
471 Student support personnel	\$ 73,431	\$ 73,431	\$ –
472 Medical Assistance	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
475 Title VII – impact aid	\$ –	\$ –	\$ –
476 PILT	\$ –	\$ –	\$ –
Committed			
418 Committed for separation	\$ –	\$ –	\$ –
461 Committed fund balance	\$ –	\$ –	\$ –
Assigned			
462 Assigned fund balance	\$ 177,488	\$ 177,488	\$ –
Unassigned			
422 Unassigned fund balance	\$ 5,005,200	\$ 5,005,200	\$ –
Food Service			
Total revenue	\$ 5,956,163	\$ 5,956,163	\$ –
Total expenditures	\$ 5,472,513	\$ 5,472,513	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ 24,547	\$ 24,547	\$ –
Restricted			
452 OPEB liability not in trust	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ 1,207,155	\$ 1,207,155	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
Community Service			
Total revenue	\$ 5,801,600	\$ 5,801,601	\$ (1)
Total expenditures	\$ 5,653,637	\$ 5,653,637	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ 656	\$ 656	\$ –
Restricted			
426 \$25 taconite	\$ –	\$ –	\$ –
431 Community education	\$ 1,255,370	\$ 1,255,370	\$ –
432 ECFE	\$ 374,941	\$ 374,941	\$ –
440 Teacher development and evaluation	\$ –	\$ –	\$ –
444 School readiness	\$ 139,162	\$ 139,162	\$ –
447 Adult basic education	\$ –	\$ –	\$ –
452 OPEB liability not in trust	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ 1,635	\$ 1,635	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –

INDEPENDENT SCHOOL DISTRICT NO. 831

Uniform Financial Accounting and Reporting Standards
Compliance Table (continued)
June 30, 2024

	Audit	UFARS	Audit – UFARS
Building Construction			
Total revenue	\$ 812,210	\$ 812,210	\$ –
Total expenditures	\$ 4,340,146	\$ 4,340,147	\$ (1)
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
407 Capital projects levy	\$ –	\$ –	\$ –
413 Projects funded by COP	\$ –	\$ –	\$ –
467 Long-term facilities maintenance	\$ 15,781,669	\$ 15,781,669	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
Debt Service			
Total revenue	\$ 10,683,933	\$ 10,683,933	\$ –
Total expenditures	\$ 9,958,677	\$ 9,958,677	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
425 Bond refundings	\$ –	\$ –	\$ –
433 Maximum effort loan	\$ –	\$ –	\$ –
451 QZAB payments	\$ –	\$ –	\$ –
467 Long-term facilities maintenance	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ 3,738,920	\$ 3,738,920	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
Trust			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
401 Student activities	\$ –	\$ –	\$ –
402 Scholarships	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
Custodial Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
401 Student activities	\$ –	\$ –	\$ –
402 Scholarships	\$ –	\$ –	\$ –
448 Achievement and integration	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
Internal Service			
Total revenue	\$ 9,516,151	\$ 9,516,151	\$ –
Total expenditures	\$ 9,758,176	\$ 9,758,176	\$ –
422 Net position	\$ (2,297,976)	\$ (2,297,976)	\$ –
OPEB Revocable Trust Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
OPEB Irrevocable Trust Fund			
Total revenue	\$ 32,919	\$ 32,919	\$ –
Total expenditures	\$ 100,250	\$ 100,250	\$ –
422 Net position	\$ 365,115	\$ 365,115	\$ –
OPEB Debt Service Fund			
Total revenue	\$ 547,724	\$ 547,724	\$ –
Total expenditures	\$ 544,305	\$ 544,305	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
425 Bond refundings	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ 160,158	\$ 160,158	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –

Note: Statutory restricted deficits, if any, are reported in unassigned fund balances in the financial statements in accordance with accounting principles generally accepted in the United States of America.

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