INDEPENDENT SCHOOL DISTRICT NO. 414
MINNEOTA, MINNESOTA

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

C O N T E N T S

C O N T E N T S

INTRODUCTORY SECTION

INDEPENDENT SCHOOL DISTRICT NO. 414
MINNEOTA, MINNESOTA
SCHEDULE OF SCHOOL BOARD MEMBERS AND OFFICIALS
JUNE 30, 2024

SCHOOL BOARD MEMBERS		TERM EXPIRES
Abby Thostenson	Chairperson	January 1, 2027
Tom Skorczewski	Vice Chairperson	January 1, 2027
Carmen Panka	Treasurer	January 1, 2025
Ryan Runia	Clerk	January 1, 2025
Terri Myhre	Director	January 1, 2025
Jon Buysse	Director	January 1, 2027
Martin Hennen	Director	January 1, 2027

SCHOOL OFFICIAL	
Scott Monson	Superintendent

HOFFMAN & BROBST PLLP
CERTIFIED PUBLIC ACCOUNTANTS

www.hoffmanbrobst.com | 903 E. College Drive, PO Box 548, Marshall, MN 56258 | 507.532.5735

INDEPENDENT AUDITOR'S REPORT

Members of the School Board
Independent School District No. 414
Minneota, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Independent School District No. 414, Minneota, Minnesota as of and for the year ended June 30, 2024, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Independent School District No. 414, Minneota, Minnesota as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Independent School District No. 414, Minneota, Minnesota, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Independent School District No. 414, Minneota, Minnesota's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing standards,* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test 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 Independent School District No. 414, Minneota, Minnesota's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Independent School District No. 414, Minneota, Minnesota's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Independent School District No. 414, Minneota, Minnesota's basic financial statements. The accompanying uniform financial accounting and reporting standards compliance table is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the uniform financial accounting and reporting standards compliance table is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Report on Summarized Comparative Information

We have previously audited Independent School District No. 414, Minneota, Minnesota's June 30, 2023 financial statements, and our report, dated December 15, 2023, expressed unmodified opinions on the respective financial statements of the governmental activities and each major fund. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 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 18, 2024, on our consideration of Independent School District No. 414, Minneota, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Independent School District No. 414, Minneota, Minnesota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Independent School District No. 414, Minneota, Minnesota's internal control over financial reporting and compliance.

Hoffman + Brobst, PLLP

Hoffman & Brobst, PLLP
Certified Public Accountants
Marshall, Minnesota

November 18, 2024

REQUIRED SUPPLEMENTAL INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 414
MINNEOTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

As management of Independent School District No. 414, Minneota, Minnesota, we offer readers of Independent School District No. 414, Minneota, Minnesota's financial statements this narrative overview and analysis of the financial activities of Independent School District No. 414, Minneota, Minnesota for the fiscal year ended June 30, 2024.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2023-2024 fiscal year include the following:

- Net position in the Statement of Net Position increased $864,280 from the prior year to $2,899,031. This increase was primarily the result of increases in the tuition revenue, admissions, student fees, investment earnings, and revenue from state sources, and favorable differences between actual and expected investment earnings and liability experience for both the Teacher Retirement Association and Public Employees Retirement Association as it relates to pensions.
- The District's General Fund revenues exceeded expenditures and other financing uses for the year by $318,076. The unassigned fund balance decreased by $1,958 and the various nonspendable, restricted, and assigned fund balances increased by $320,034. The General Fund unassigned fund balance as of June 30, 2024, was $1,283,036.
- A ten-year tuition agreement has been approved with the Ivanhoe School District to educate Ivanhoe students in grades 7-12 through fiscal year 2029. The District enrolled 49 students through the tuition agreement in 2023-2024. The collaboration the District has with the Ivanhoe School District continues to increase revenue and provide financial and enrollment stability.
- On May 9, 2023, the District held a special election. The District voters authorized the issuance of $2,450,000 of General Obligation Bonds to provide funds for the acquisition and betterment of school sites and facilities, including the acquisition, installation, replacement and maintenance of software, computers, mobile devices, improved technology and technology systems, networks, infrastructure, and office and instructional technology. The District received the bond proceeds of $2,450,000 in August, 2023. During the same special election, the voters authorized the District to revoke its existing capital project levy authorization of 8.660% times the net tax capacity of the District and replace it with a new capital project levy authorization of 3.345% times the net tax capacity of the District. The existing capital project levy authorization raised approximately $500,000 for taxes payable in 2022 the first year it was levied. The proposed new capital project levy authorization will raise approximately $250,000 for taxes payable in 2024, the first year it is levied, and will be authorized for eight years. The estimated total cost of the projects to be funded over that time period is approximately $2,000,000. The revenue from the proposed capital project levy authorization will provide funds for the acquisition, installation, replacement, support, and maintenance of software, software licenses, computers, improved technology equipment, networks, infrastructure, and the costs of technology related personnel and training.
- The District was compliant with its existing fund balance policy on June 30, 2024. The District maintained 28% of the District's General Fund operating budget (excluding restricted expenditures) in the combined total of the General Fund committed, assigned, and unassigned fund balances. This is above the 25% stated in the fund balance policy.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont'd)

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

- The government-wide financial statements, including the Statement of Net Position and the Statement of Activities, provide both short-term and long-term information about the District's overall financial status.

- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements. The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

- To assess the overall health of the District, one needs to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

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

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or "major" funds – rather than the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.

- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

The District has one kind of fund:

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

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

NET POSITION

The District's combined net position was $2,899,031 on June 30, 2024. This was an increase of 42.5% from the previous year total of $2,034,751. A summary of the District's net position is as follows:

Net Position – Governmental Activities

	6/30/2024	6/30/2023	Percentage Change
Current and Other Assets	$ 8,374,903	$ 5,053,935	
Capital and Right of Use Assets	12,777,332	13,431,311	
Total Assets	**21,152,235**	**18,485,246**	**14.4%**
Related to OPEB	16,927	30,144	
Related to Pensions	1,197,810	1,591,676	
Total Deferred Outflows of Resources	**1,214,737**	**1,621,820**	**(25.1%)**
Current Liabilities	1,996,394	1,544,988	
Noncurrent Liabilities	14,738,532	13,419,701	
Total Liabilities	**16,734,926**	**14,964,689**	**11.8%**
Property Tax Levied for Subsequent Year's Expenditures	2,333,441	2,174,833	
Related to OPEB	68,974	62,187	
Related to Pensions	330,600	870,606	
Total Deferred Inflows of Resources	**2,733,015**	**3,107,626**	**(12.1%)**
Net Investment in Capital and Right of Use Assets	4,399,132	4,263,988	
Restricted	770,682	650,589	
Unrestricted	(2,270,783)	(2,879,826)	
Total Net Position	**$ 2,899,031**	**$ 2,034,751**	**42.5%**

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

CHANGE IN NET POSITION

The change in net position occurs as a result of revenue being greater than expenses for the year ended June 30, 2024. This increase was a result of a variety of factors including increased tuition revenue, admissions, student fees, investment earnings, and revenue from state sources, and favorable differences between actual and expected investment earnings and liability experience for both the Teacher Retirement Association and Public Employees Retirement Association as it relates to pensions. These increases were offset by an increase in overall salaries and benefits. A summary of the District's revenues and expenses is as follows:

Change in Net Position – Governmental Activities

Revenues	6/30/2024	6/30/2023	Percentage Change
Program Revenues			
Charges for Services	$ 748,086	$ 740,215	
Operating Grants and Contributions	2,342,379	1,534,097	
Capital Grants and Contributions	50,106	-	
General Revenues			
Property Taxes	1,688,883	1,671,613	
Unallocated Federal and State Aid	5,010,174	4,662,174	
Other	265,534	123,763	
Total Revenues	**10,105,162**	**8,731,862**	**15.7%**
Expenses			
District and School Administration	575,242	478,409	
District Support Services	392,951	380,790	
Regular Instruction	3,598,612	2,554,882	
Vocational Instruction	170,054	197,636	
Exceptional Instruction	1,116,476	933,990	
Community Education and Services	222,310	157,096	
Instructional Support Services	176,663	325,154	
Pupil Support Services	1,026,259	967,334	
Site, Buildings and Equipment	878,866	760,809	
Fiscal and Other Fixed Cost Programs	40,372	38,949	
Interest on Long-Term Debt	324,715	256,896	
Depreciation and Amortization - Unallocated	718,362	718,961	
Total Expenses	**9,240,882**	**7,770,906**	**18.9%**
Increase (Decrease) in Net Position	**864,280**	**960,956**	
Beginning Net Position	**2,034,751**	**1,073,795**	
End of Year Net Position	**$ 2,899,031**	**$ 2,034,751**	**42.5%**

The District's total revenues consisted of program revenues of $3,140,571, property taxes of $1,688,883, unallocated federal and state aids of $5,010,174, earnings on investments of $228,223, and a small amount from miscellaneous other sources. Expenses totaling $9,240,882 consisted primarily of student instructional costs of $4,885,142, student support services of $1,202,922, administration costs of $968,193, site, buildings and equipment costs of $878,866, unallocated depreciation and amortization costs of $718,362, community education services of $222,310, interest on long-term debt of $324,715, and minor other amounts.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (GOVERNMENT-WIDE FINANCIAL STATEMENTS) (Cont'd)
CHANGE IN NET POSITION (Cont'd)
The cost of all governmental activities this year was $9,240,882.

- The users of the District's programs paid for 8.1%, or $748,086, of the costs.
- The federal and state governments subsidized certain programs with grants and contributions. This totaled $2,392,485, or 25.9% of the total costs.
- Most of the District's net costs of services ($6,100,311), however, were paid for by state taxpayers based on the statewide education aid formula and by District taxpayers.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (FUND FINANCIAL STATEMENTS)
FUND BALANCE
The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of $5,417,885. This was up from $2,377,309 at the end of the prior year, an increase of $3,040,576. The General Fund increased $318,076, primarily due to an increase in tuition revenue, admissions, student fees, general education and state special education aid, and earnings from investments, offset by an increase in salaries and benefits, and an operating transfer to the Community Service Fund. The Food Service Fund had an increase of $16,232 mainly due to a change in funding sources due to free lunches provided by State of Minnesota starting in fiscal year 2024. The Community Service Fund decreased $46,646, before other financing sources, due to program expenditures exceeding state revenue and fees from patrons in the School Readiness and Early Childhood Family Education Programs. This decrease was offset by an operating transfer from the General Fund resulting in a net fund balance increase of $20,907. The Building Construction Fund had an increase of $2,642,317 due to the issuance of bonds. The Debt Service Fund increased $43,044 due to increased interest earnings and statutory levy requirements.

REVENUES AND EXPENDITURES
Revenues and other financing sources of the District's governmental funds totaled $12,759,465. This was an increase of 44.1% over the previous year total of $8,854,408. Total expenditures and other financing uses were $9,718,889. This was an increase of 5.1% from the previous year total of $9,246,736. A summary of the revenues, expenditures, and other financing sources (uses) reported on the governmental financial statements is as follows:

Revenues and Expenditures – Governmental Funds

	Revenue	Expenditures	Other Financing Sources (Uses)	Fund Balance Increase (Decrease)
General Fund	$ 8,059,417	$ 7,673,788	$ (67,553)	$ 318,076
Food Service Fund	492,945	476,713	-	16,232
Community Service Fund	182,964	229,610	67,553	20,907
Building Construction Fund	113,179	97,325	2,626,463	2,642,317
Debt Service Fund	1,216,944	1,173,900	-	43,044
Totals	**$ 10,065,449**	**$ 9,651,336**	**$2,626,463**	**$ 3,040,576**

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

GENERAL FUND

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

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

Revenues – General Fund

	Year Ended 6/30/2024	Year Ended 6/30/2023	Amount Change	Percentage Change
Local Sources				
Property Taxes	$ 1,120,346	$ 1,028,652	$ 91,694	8.9%
Tuition and Contracts	403,456	320,963	82,493	25.7%
Other Local Sources	313,765	226,992	86,773	38.2%
State Sources	6,046,820	5,164,378	882,442	17.1%
Federal Sources	164,692	171,890	(7,198)	(4.2%)
Sales and Other Conversion of Assets	10,338	4,673	5,665	121.2%
Total Revenues	**8,059,417**	**6,917,548**	**1,141,869**	**16.5%**
Other Financing Sources				
Insurance Recovery	-	165,394	(165,394)	(100.0%)
Total Other Financing Sources	**-**	**165,394**	**(165,394)**	**(100.0%)**
Total Revenues and Other Financing Sources	**$ 8,059,417**	**$ 7,082,942**	**$ 976,475**	**13.8%**

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

Expenditures – General Fund

	Year Ended 6/30/2024	Year Ended 6/30/2023	Amount of Increase (Decrease)	Percent Increase (Decrease)
Salaries and Wages	$ 4,296,694	$ 4,050,381	$ 246,313	6.1%
Employee Benefits	1,013,107	931,865	81,242	8.7%
Purchased Services	1,464,442	1,495,760	(31,318)	(2.1%)
Supplies and Materials	660,926	687,416	(26,490)	(3.9%)
Other Expenditures	20,690	21,242	(552)	(2.6%)
Capital Expenditures	199,480	184,502	14,978	8.1%
Debt Service Expenditures	18,449	65,780	(47,331)	(72.0%)
Total Expenditures	**7,673,788**	**7,436,946**	**236,842**	**3.2%**
Other Financing Uses				
Operating Transfer Out	**67,553**	**-**	**67,553**	**100.0%**
Total Expenditures and Other Financing Uses	**$ 7,741,341**	**$ 7,436,946**	**$ 304,395**	**4.1%**

In summary, the 2023-2024 General Fund revenue exceeded expenditures and other financing uses by $318,076. As a result, the total fund balance increased to $2,249,926 at June 30, 2024. After deducting statutory and accounting standards restrictions, the unassigned fund balance decreased $1,958 to $1,283,036 at June 30, 2024. The District closely monitors the General Fund unassigned fund balance through its budgeting process throughout the year.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year ended June 30, 2024 the District revised its operating budget once. This revision was planned, and was necessary because when the initial budget was prepared and adopted (a budget must be in place prior to the beginning of the fiscal year on July 1) details of student enrollment numbers, salary details, staffing levels, and other significant information items were not yet definite. The revision was made in February 2024 to reflect changes in enrollment data, state funding adjustments, and unforeseen changes in expenditures categories.

While the District's final budget for the General Fund anticipated that expenditures and other financing uses would exceed revenue by $144,908 the actual results for the year showed a surplus of $318,076.

- Actual revenues were $299,415 or 3.9 percent, more than budget, due primarily to more state general education and special education revenue, admissions, and earnings from investments partially offset by less levy revenue, school unemployment aid, and federal revenue than expected.

- Actual expenditures and other financing uses were $163,569 or 2.1 percent, less than budget. This variance was mainly due to incorrectly budgeting for busing costs and technology purchases.

FOOD SERVICE FUND

The Food Service Fund revenue for 2023-2024 totaled $492,945 and expenditures were $476,713, resulting in the fund balance increasing $16,232. This increase is due primarily to a change in funding sources during the current year. The June 30, 2024 Food Service Fund fund balance is $184,251.

COMMUNITY SERVICE FUND

In 2023-2024, the total revenues and other financing sources for the Community Service Fund were $250,517 and total expenditures were $229,610. Total revenues and other financing sources exceeded expenditures by $20,907, resulting in an increase of the same amount in the June 30, 2024 fund balance. The Community Service Fund fund balance as of June 30, 2024 is $53,177.

BUILDING CONSTRUCTION FUND

The Building Construction Fund revenues and other financing sources exceeded expenditures by $2,642,317 in 2023-2024 due to the issuance of bonds and earnings from investments exceeding bond and initial costs on the technology project. The Building Construction Fund fund balance as of June 30, 2024 is $2,642,317.

DEBT SERVICE FUND

The Debt Service Fund revenues exceeded expenditures by $43,044 in 2023-2024 due to the statutory levy process and various aids exceeding debt service payments. The Debt Service Fund fund balance as of June 30, 2024 is $288,214.

CAPITAL AND RIGHT OF USE ASSETS AND DEBT ADMINISTRATION

CAPITAL AND RIGHT OF USE ASSETS

As of June 30, 2024, the District had net capital and right of use assets of $12,777,332 representing a broad range of capital and right of use assets, including school buildings and improvements, computer and audio-visual equipment, and various other equipment for instructional, support and administrative purposes. Total depreciation and amortization expense for the year was $849,495. Information about the District's capital and right of use assets is shown below. More detailed information about the District's capital and right of use assets is presented in Note 4 to the basic financial statements.

CAPITAL AND RIGHT OF USE ASSETS AND DEBT ADMINISTRATION (Cont'd)
CAPITAL AND RIGHT OF USE ASSETS (Cont'd)

Capital and Right of Use Assets – Governmental Activities

	6/30/2024	6/30/2023	Percentage Change
Land	$ 65,665	$ 65,665	0.0%
Buildings and Improvements	20,858,327	20,858,327	0.0%
Equipment and Vehicles	2,513,694	2,318,178	8.4%
Right of Use Asset	33,000	33,000	0.0%
Less Accumulated Depreciation and Amortization	(10,693,354)	(9,843,859)	8.6%
Total Net Capital and Right of Use Assets	**$ 12,777,332**	**$13,431,311**	**(4.9%)**

DEBT ADMINISTRATION

At year-end, the District had $10,815,000 in general obligation bonds outstanding. The District also had various other long-term liabilities as detailed in Note 5 to the basic financial statements.

- The District issued $2,450,000 in General Obligation Bonds on August 22, 2023.
- The District continues to pay its scheduled debt payments, retiring $926,600 of bonds and lease liabilities in the year ending June 30, 2024.

Outstanding Debt

	6/30/2024	6/30/2023	Percentage Change
General Obligation Bonds	$10,815,000	$ 9,285,000	16.5%
Right of Use Lease	13,200	19,800	(33.3%)
Total	**$10,828,200**	**$ 9,304,800**	**16.4%**

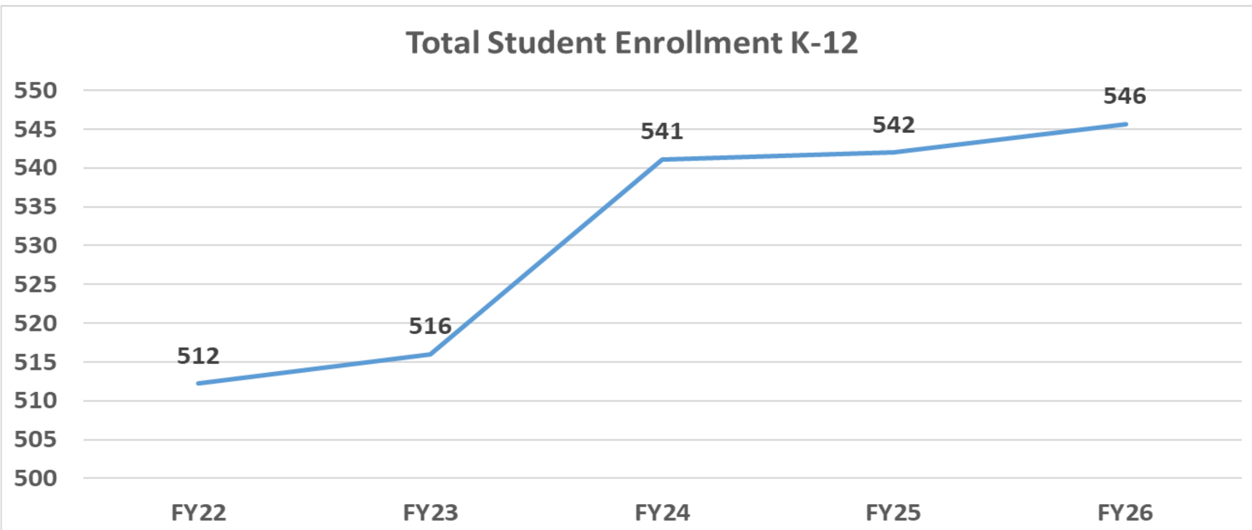
FACTORS BEARING ON THE DISTRICT'S FUTURE

The Minnesota Legislature has made available to districts a $300 board-controlled levy and a $424 local optional revenue levy, giving the Minneota District a total of $724 of board-authorized levy. With the exception of these levies, the District is dependent on the State of Minnesota and local taxpayers for its revenue authority. On November 2, 2021, a ten-year, $500,000 per year, technology levy was passed. This new levy was to be effective for the 2022-2023 school year. On May 9, 2023, the District passed two Special Election Questions, which essentially 'repealed' the November 2021, ten-year, $500,000 per year technology levy and replaced it with an eight-year, $250,000 per year technology levy and the sale of an eight-year, $2.45 million bond to fund technology. The result of these two questions being approved will be a slight reduction in taxes for district property owners.

In the 2023 Legislative Session, the Legislature approved foundation formula increases of 2.00%, for the 2024-2025 fiscal year. This has a minimal – but still slightly positive – effect for school district operations and maintaining a balanced budget. The Legislature also approved free breakfast and lunch to all K-12 students, regardless of family income during the 2023 Legislative session. This has a positive effect for school district food service funds. Along with these, long-term facilities maintenance revenue was approved in the 2015 Legislative Session, began in 2016-2017. This has a significant, positive effect for the District as the District has been working to maintain the facilities in the District. Economic conditions in Minnesota have been changing and hopefully the Legislature will continue to have options available to them in providing programs and support for K-12 education.

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

The PreK-12th grade student enrollment, including Ivanhoe tuition agreement students, increased by approximately 27 students from 2022-2023 to 2023-2024. Since revenue and funding are primarily determined by student enrollment, this enrollment increase led to a more stable and positive budget in 2023-2024. Student enrollment is anticipated to be relatively stable in the future. The District continues to utilize enrollment and financial planning tools, along with detailed and conservative budgeting and a budget monitoring process to plan for these enrollment changes to the best of its ability. The graph below includes all students in Kindergarten through 12th Grade, including students open enrolled into the District and Ivanhoe Tuition Students. With potential unforeseen variances in student enrollment and less-than-necessary funding from the State, the District will likely need to consider attempting to pass an operating referendum sometime in the near future. The District is planning for a February 2025 Building Bond Referendum to address significant deferred maintenance needs along with educational and programming enhancements.



Salary and benefit costs account for slightly less than 70% of the District's General Fund operating expenditures. Teacher contracts are in effect for two-year periods, with the most recent contract expiring on June 30, 2025. Contracts with certified staff were approved in or before June 2024 and most will expire June 30, 2025. The Superintendent's contract was approved from July 2022 through June 2025. The High School Principal and Elementary Principal/Curriculum Director's contracts are current and will expire on June 30, 2026. A contract with paraprofessionals and educational consultants was approved for two years and will expire June 30, 2026. The District will continue to bargain in good faith with staff representatives during negotiations but will also need to balance that commitment with the reality of limited resources and the District's long-range financial future.

On October 1, 2024, the School Board approved pursuing two questions for the February 11, 2025 building bond referendum. Question #1 will be for infrastructure for $11,724,100. Question #2 will be for programming options for $13,089,000.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide District citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If one has questions about this report or needs additional financial information, contact the Business Office, Independent School District No. 414, 504 N. Monroe Street, Minneota, MN 56264, visit the District website at www.minneotaschools.org or call (507) 872-6532.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 414
MINNEOTA, MINNESOTA
STATEMENT OF NET POSITION
JUNE 30, 2024
(with Partial Comparative Information as of June 30, 2023)

	Governmental Activities	
	2024	**2023**
ASSETS		
Current Assets:		
Cash and Investments	$ 4,352,713	$ 2,836,841
Property Taxes Receivable-Net	1,547,689	1,335,211
Accounts and Interest Receivable	163,143	121,128
Due From State of Minnesota	949,974	626,602
Due From Federal Government	111,646	47,717
Due From Other Government Units	1,984	3,322
Inventory	54,523	36,686
Prepaid Expenses	82,641	46,428
Total Current Assets	**7,264,313**	**5,053,935**
Noncurrent Assets:		
Investments	1,110,590	-
Capital and Right of Use Assets:		
Land	65,665	65,665
Other Capital and Right of Use Assets, Net of Depreciation and Amortization	12,711,667	13,365,646
Total Noncurrent Assets	**13,887,922**	**13,431,311**
TOTAL ASSETS	**21,152,235**	**18,485,246**
DEFERRED OUTFLOWS OF RESOURCES		
Related to OPEB	16,927	30,144
Related to Pensions	1,197,810	1,591,676
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**1,214,737**	**1,621,820**
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 22,366,972**	**$ 20,107,066**
LIABILITIES		
Current Liabilities:		
Salaries Payable	$ 199,330	$ 184,015
Accounts and Interest Payable	426,856	253,504
Due to State of Minnesota	36,000	-
Payroll Liabilities	163,644	153,266
Unearned Revenue	6,415	11,313
Current Portion of Long-Term Liabilities	1,164,149	942,890
Total Current Liabilities	**1,996,394**	**1,544,988**
Noncurrent Liabilities:		
Noncurrent Portion of Long-Term Liabilities	9,948,436	8,508,568
Net Pension Liability	4,646,251	4,736,976
Total OPEB Liability	143,845	174,157
Total Noncurrent Liabilities	**14,738,532**	**13,419,701**
TOTAL LIABILITIES	**16,734,926**	**14,964,689**
DEFERRED INFLOWS OF RESOURCES		
Property Tax Levied for Subsequent Year's Expenditures	2,333,441	2,174,833
Related to OPEB	68,974	62,187
Related to Pensions	330,600	870,606
TOTA DEFERRED INFLOWS OF RESOURCES	**2,733,015**	**3,107,626**
NET POSITION		
Net Investment in Capital and Right of Use Assets	4,399,132	4,263,988
Restricted For:		
Capital Asset Acquisition	347,314	150,574
Debt Service	70,098	133,832
Food Service	184,251	168,019
Community Service	53,289	44,365
Other Activities	115,730	153,799
Unrestricted	(2,270,783)	(2,879,826)
TOTAL NET POSITION	**2,899,031**	**2,034,751**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	**$ 22,366,972**	**$ 20,107,066**

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

INDEPENDENT SCHOOL DISTRICT NO. 414
MINNEOTA, MINNESOTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024
(with Partial Comparative Information for the Year Ended June 30, 2023)

	2024					2023
		Program Revenues				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:						
District and School Administration	$ 575,242				$ (575,242)	$ (478,409)
District Support Services	392,951				(392,951)	(380,790)
Regular Instruction	3,598,612	$ 486,979	$ 731,732	$ 50,106	(2,329,795)	(1,592,769)
Vocational Instruction	170,054	-	-	-	(170,054)	(197,636)
Exceptional Instruction	1,116,476	113,692	945,610	-	(57,174)	(285,938)
Community Education and Services	222,310	104,694	40,170	-	(77,446)	(18,298)
Instructional Support Services	176,663	-	40,000	-	(136,663)	(325,154)
Pupil Support Services	1,026,259	42,721	504,117	-	(479,421)	(527,788)
Site, Buildings and Equipment	878,866	-	80,750	-	(798,116)	(675,006)
Fiscal and Other Fixed Cost Programs	40,372	-	-	-	(40,372)	(38,949)
Interest on Long Term Debt	324,715	-	-	-	(324,715)	(256,896)
Depreciation and Amortization-Unallocated **	718,362	-	-	-	(718,362)	(718,961)
Total Governmental Activities	**9,240,882**	**748,086**	**2,342,379**	**50,106**	**(6,100,311)**	**(5,496,594)**
General Revenues:						
Property Taxes Levied for:						
General Purposes					1,144,337	1,060,982
Community Education and Service					36,306	34,989
Debt Service					508,240	575,642
Federal and State Aid Not Restricted to Specific Purposes					5,010,174	4,662,174
Earnings on Investments					228,223	85,860
Miscellaneous Revenues					37,311	37,903
Total General Revenues					**6,964,591**	**6,457,550**
Change in Net Position					**864,280**	**960,956**
Net Position - Beginning of Year					**2,034,751**	**1,073,795**
Net Position - End of Year					**$ 2,899,031**	**$ 2,034,751**

** This line excludes direct depreciation and amortization expenses of the various programs

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

INDEPENDENT SCHOOL DISTRICT NO. 414
MINNEOTA, MINNESOTA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024
(with Partial Comparative Information as of June 30, 2023)

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Building Construction	Debt Service	2024	2023
ASSETS							
Cash and Investments	$ 2,130,464	$ 118,948	$ 63,784	$ 2,563,078	$ 587,029	$ 5,463,303	$ 2,836,841
Current Property Taxes Receivable	393,217	-	13,896	-	1,134,776	1,541,889	1,330,599
Delinquent Property Taxes Receivable	2,434	-	112	-	3,254	5,800	4,612
Accounts and Interest Receivable	63,611	16,141	4,152	79,239	-	163,143	121,128
Due From State of Minnesota	870,372	-	6,483	-	73,119	949,974	626,602
Due From Federal Government	111,646	-	-	-	-	111,646	47,717
Due From Other Governmental Units	1,984	-	-	-	-	1,984	3,322
Inventory	-	54,523	-	-	-	54,523	36,686
Prepaid Expenditures	80,391	2,250	-	-	-	82,641	46,428
TOTAL ASSETS	**$ 3,654,119**	**$ 191,862**	**$ 88,427**	**$ 2,642,317**	**$ 1,798,178**	**$ 8,374,903**	**$ 5,053,935**
LIABILITIES							
Salaries Payable	$ 198,440	$ 756	$ 134			$ 199,330	$ 184,015
Accounts Payable	208,163	440	3,785			212,388	148,587
Due to State of Minnesota	36,000	-	-			36,000	-
Unearned Revenue	-	6,415	-			6,415	11,313
Payroll Liabilities	163,644	-	-			163,644	153,266
TOTAL LIABILITIES	**606,247**	**7,611**	**3,919**	**$ -**	**$ -**	**617,777**	**497,181**
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue - Delinquent Property Taxes	2,434	-	112		3,254	5,800	4,612
Property Tax Levied for Subsequent Year's Expenditures	795,512	-	31,219		1,506,710	2,333,441	2,174,833
TOTAL DEFERRED INFLOWS OF RESOURCES	**797,946**	**-**	**31,331**	**-**	**1,509,964**	**2,339,241**	**2,179,445**
FUND BALANCES							
Nonspendable Fund Balances	80,391	56,773	-	-	-	137,164	83,114
Restricted Fund Balances	388,652	127,478	53,177	2,642,317	288,214	3,499,838	709,344
Assigned Fund Balances	497,847	-	-	-	-	497,847	299,857
Unassigned Fund Balances	1,283,036	-	-	-	-	1,283,036	1,284,994
TOTAL FUND BALANCES	**2,249,926**	**184,251**	**53,177**	**2,642,317**	**288,214**	**5,417,885**	**2,377,309**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	**$ 3,654,119**	**$ 191,862**	**$ 88,427**	**$ 2,642,317**	**$ 1,798,178**	**$ 8,374,903**	**$ 5,053,935**

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

INDEPENDENT SCHOOL DISTRICT NO. 414
MINNEOTA, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024
(with Partial Comparative Information as of June 30, 2023)

	2024	2023
Total Fund Balances for Governmental Funds	**$ 5,417,885**	**$ 2,377,309**
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital and right of use assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Those assets consist of:		
Land	65,665	65,665
Other Capital and Right of Use Assets, Net of $10,693,354 of Accumulated Depreciation and Amortization	12,711,667	13,365,646
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenue in the funds.	5,800	4,612
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(214,468)	(104,917)
Deferred outflows and inflows of resources related to pensions and other post employment benefits are applicable to future periods and, therefore, are not reported in the funds.		
Deferred Outflows of Resources Related to Pensions	1,197,810	1,591,676
Deferred Outflows of Resources Related to OPEB	16,927	30,144
Deferred Inflows of Resources Related to Pensions	(330,600)	(870,606)
Deferred Inflows of Resources Related to OPEB	(68,974)	(62,187)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:		
Bonds Payable	(10,815,000)	(9,285,000)
Right of Use Lease Liabilities	(13,200)	(19,800)
Other Post Employment Benefits Payable	(143,845)	(174,157)
Pension Benefits Payable	(4,646,251)	(4,736,976)
Unamortized Bond Premium	(286,402)	(148,886)
Unamortized Bond Discounts	2,017	2,228
Total Net Position of Governmental Activities	**$ 2,899,031**	**$ 2,034,751**

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

INDEPENDENT SCHOOL DISTRICT NO. 414
MINNEOTA, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024
(with Partial Comparative Information for the Year Ended June 30, 2023)

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Building Construction	Debt Service	2024	2023
REVENUES							
Local Property Tax Levies	$ 1,120,346		$ 36,288		$ 507,745	$ 1,664,379	$ 1,639,186
Other Local and County Revenues	717,221	$ 4,148	105,678	$ 113,179	34,106	974,332	683,420
Revenue From State Sources	6,046,820	249,716	40,998	-	675,093	7,012,627	5,801,632
Revenue From Federal Sources	164,692	205,960	-	-	-	370,652	376,176
Sales and Other Conversion of Assets	10,338	33,121	-	-	-	43,459	188,600
TOTAL REVENUES	**8,059,417**	**492,945**	**182,964**	**113,179**	**1,216,944**	**10,065,449**	**8,689,014**
EXPENDITURES							
Current:							
District and School Administration	598,637					598,637	593,427
District Support Services	386,291					386,291	360,549
Regular Instruction	3,660,968					3,660,968	3,135,180
Vocational Instruction	180,591					180,591	237,148
Exceptional Instruction	1,131,138					1,131,138	1,037,659
Community Education and Services	-		229,610			229,610	173,382
Instructional Support Services	175,689		-			175,689	330,080
Pupil Support Services	538,497	476,713	-			1,015,210	950,237
Site, Buildings and Equipment	743,676	-	-	97,325		841,001	912,028
Fiscal and Other Fixed Cost Programs	40,372	-	-	-		40,372	38,949
Capital Outlay:	199,480	-	-	-		199,480	235,262
Debt Service:							
Principal	17,143	-	-	-	920,000	937,143	958,844
Interest	1,306	-	-	-	251,800	253,106	278,141
Other Debt Service Expenditures	-	-	-	-	2,100	2,100	5,850
TOTAL EXPENDITURES	**7,673,788**	**476,713**	**229,610**	**97,325**	**1,173,900**	**9,651,336**	**9,246,736**
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	**385,629**	**16,232**	**(46,646)**	**15,854**	**43,044**	**414,113**	**(557,722)**
OTHER FINANCING SOURCES (USES)							
Bond Proceeds	-	-	-	2,450,000	-	2,450,000	-
Bond Issuance Premium	-	-	-	176,463	-	176,463	-
Insurance Recovery	-	-	-	-	-	-	165,394
Operating Transfers In (Out)	(67,553)	-	67,553	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	**(67,553)**	**-**	**67,553**	**2,626,463**	**-**	**2,626,463**	**165,394**
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	**318,076**	**16,232**	**20,907**	**2,642,317**	**43,044**	**3,040,576**	**(392,328)**
FUND BALANCE BEGINNING OF YEAR	**1,931,850**	**168,019**	**32,270**	**-**	**245,170**	**2,377,309**	**2,769,637**
FUND BALANCE END OF YEAR	**$ 2,249,926**	**$ 184,251**	**$ 53,177**	**$ 2,642,317**	**$ 288,214**	**$ 5,417,885**	**$ 2,377,309**

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

INDEPENDENT SCHOOL DISTRICT NO. 414
MINNEOTA, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024
(with Partial Comparative Information for the Year Ended June 30, 2023)

	2024	2023
Total Net Change in Fund Balances - Governmental Funds	**$ 3,040,576**	**$ (392,328)**
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays to purchase or build capital assets and right of use assets financed with long-term lease liabilities are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation or amortization expense in the Statement of Activities. This is the amount by which depreciation and amortization expense exceeds capital outlays in the period.		
Capital Outlays	195,516	228,665
Depreciation and Amortization Expense	(849,495)	(844,584)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities on the Statement of Net Position. In the current period these amounts consist of:		
Repayment of Bond Principal	920,000	895,000
Repayment of Financed Purchase Lease	-	47,551
Repayment of Right of Use Lease	6,600	6,600
Interest on long-term debt is recognized as an expenditure in the governmental funds when it is due. In the Statement of Activities, however, interest expense is recognized as it accrues regardless of when it is due. In addition, the amortization of bond premium/discount decreases/increases interest expense in the Statement of Activities.	(70,815)	25,872
Property taxes that will not be collected for several months after the District's fiscal year end are not considered available revenues in the governmental funds, and are instead considered unavailable tax revenues. They are, however, recorded as revenues in the Statement of Activities.	1,188	594
Governmental funds recognized pension contributions as expenditures at the time of payment, whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.		
State Aid Related to Pension Expense	38,525	42,254
Pension Expense	198,340	926,479
In the Statement of Activities, other post employment benefits are measured by the amounts actuarially accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amount of actual or implicit resources used.	10,308	24,853
Change in Net Position of Governmental Activities	**$ 864,280**	**$ 960,956**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The financial statements of Independent School District No. 414, Minneota, Minnesota have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB pronouncements are recognized as U.S. generally accepted accounting principles for state and local governments.

B. FINANCIAL REPORTING ENTITY

Independent School District No. 414, Minneota, Minnesota (the District) is an instrumentality of the State of Minnesota established to function as an educational institution. The elected School Board (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

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

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

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

C. BASIC FINANCIAL STATEMENT PRESENTATION

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

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

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

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

C. BASIC FINANCIAL STATEMENT PRESENTATION (Cont'd)

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

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

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

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

1. Revenue Recognition – Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes and U.S. generally accepted accounting principles. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales, community education tuition, and other miscellaneous revenue (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A six-month availability period is generally used for other fund revenue.

2. Recording of Expenditures – Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used. Principal and interest on long-term debt issues and lease liabilities are recognized on their due dates.

Description of Funds

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

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

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

Description of Funds (Cont'd)

Governmental Funds

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

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

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

Building Construction Fund – The Building Construction Fund is used to account for financial resources to be used for technology and technology upgrades.

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

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

E. BUDGETING

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

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

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

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

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

F. CASH AND INVESTMENTS

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

Cash and investments at June 30, 2024 are comprised of deposits, certificates of deposit, U.S. Treasury Notes, and shares in Minnesota Trust. Minnesota Trust is an external investment pool not registered with the Securities and Exchange Commission (SEC) that follows the same regulatory rules of the SEC under Rule 2.a.7. The fair value of the position in the pool is the same as the value of the pool shares.

The District has formal policies in place as of June 30, 2024 to address custodial credit risk for deposits. The District does not have formal policies in place to address credit risk, concentration of credit risk, interest rate risk, and custodial credit risk for investments.

G. ACCOUNTS RECEIVABLE

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

H. INVENTORIES

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

I. PREPAYMENTS

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

J. PROPERTY TAXES

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

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

J. PROPERTY TAXES (Cont'd)

Statutory funding formulas determine the majority of the District revenue in the General and special revenue funds. This revenue is divided between property taxes and State aids by the legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the "tax shift." The remaining portion of taxes collectible in 2024 is recorded as a deferred inflow of resources (property tax levied for subsequent year's expenditures).

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

K. CAPITAL ASSETS

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The District maintains a threshold level of $1,000 for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

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

The accounting policies for the amortization of right of use assets are discussed in the specific policy note below.

L. LEASES

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

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

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

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

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

M. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The District accounts for subscription-based information technology arrangements (SBITAs) under GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This requires the establishment of a subscription asset and related subscription liability (where applicable) for all SBITAs with a term longer than 12 months. Payments on subscription arrangements with a term of less than 12 months are recorded as expenditures at the time of payment. The District evaluates each subscription arrangement at inception to determine if it qualifies as a SBITA. The District has determined that none of their subscription arrangements qualify as a SBITA as of June 30, 2024.

N. LONG-TERM OBLIGATIONS

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, and principal payments are reported as debt service expenditures.

O. DEFERRED OUTFLOWS OF RESOURCES

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

P. DEFERRED INFLOWS OF RESOURCES

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

Q. DEFINED BENEFIT PENSION PLANS

The District recognized total pension expense (revenue) of $174,032 for the following statewide pension plans in which it participates.

Teachers Retirement Association

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

TRA has a special funding situation created by direct aid contributions made by the State of Minnesota, City of Minneapolis and Minneapolis School District. This direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association into TRA in 2006. A second direct aid source is from the State of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association in 2015.

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

Q. DEFINED BENEFIT PENSION PLANS (Cont'd)

Public Employees Retirement Association

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

R. VACATION AND SICK PAY

Employees of the District earn sick leave at various rates for each month of full time service to a maximum accumulation of 150 days. Unused vacation pay does not accumulate. The expenditures for sick leave and vacation pay are recognized during the periods that payment is actually made and accumulated leaves are forfeited by the employee upon termination of employment.

S. MATCHING DEFERRED ANNUITY PROGRAM

District's Deferred Annuity Contribution

Beginning July 1, 2004 matching deferred compensation is available to all regularly contracted teachers who have reached the fourth year of service or have been granted tenure. A tenured teacher shall start at the fourth step and move one step for every year of service to the District. The District will match up to the monthly employee's contribution to an approved 403(b) annuity. Teachers whose basic contract is between 35% of full time and full time and are on step four or higher will have this benefit prorated on a monthly basis.

T. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters and workers compensation. The District purchases commercial insurance coverage for such risks.

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

U. FUND BALANCE

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

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

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

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

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

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

U. FUND BALANCE (Cont'd)

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

If resources from more than one fund balance classification could be spent, the District will strive to spend resources from fund balance classifications in the following order (first to last): restricted, committed, assigned, and unassigned as determined by the School Board.

To ensure the financial strength and stability of the District, the School Board will maintain a minimum of 25% but will strive to maintain 30% or better of the District's General Fund operating budget, excluding those accounts associated within the restricted category, in the combined total of the General Fund committed, assigned and unassigned fund balances.

V. NET POSITION

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

W. USE OF ESTIMATES

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

X. RECLASSIFICATIONS

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. DEFICIT FUND BALANCE/NET POSITION

At June 30, 2024, the District had no funds with negative fund balances.

3. DEPOSITS AND INVESTMENTS

A. DEPOSITS

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

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

Custodial Credit Risk: For deposits, is the risk that, in the event of failure of a depository financial institution, the District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2024, the District's bank balance was not exposed to custodial credit risk because it was insured and properly collateralized with securities held by the pledging financial institution's trust department or agent and in the District's name.

B. INVESTMENTS

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investments were not exposed to interest rate risk at June 30, 2024.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investments were not exposed to credit risk at June 30, 2024.

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

Custodial Credit Risk: For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments were not exposed to custodial credit risk at June 30, 2024.

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

Cash/Investment Type	Credit Rating	Average Maturities	Percentage of Total	
Pooled Cash and Investments:				
Certificates of Deposit	N/A	8.1 Months	43.6%	$ 2,379,900
Money Market Accounts	N/A	N/A	38.7%	2,112,671
U.S. Treasury Notes	AAA to AA+	8.0 Months	10.6%	581,742
Checking Account	N/A	N/A	7.1%	388,990
Total Cash and Investments			**100.0%**	**$ 5,463,303**

Cash and Investments are presented in the June 30, 2024 basic financial statements as follows:

Statement of Net Position:	
Current Assets:	
Cash and Investments	$ 4,352,713
Noncurrent Assets:	
Investments	1,110,590
Total Cash and Investments	**$ 5,463,303**

3. DEPOSITS AND INVESTMENTS (Cont'd)

C. FAIR VALUE MEASUREMENT

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The Governmental Accounting Standards Board (GASB) establishes a hierarchy for grouping assets and liabilities, based on the significance of inputs used to measure fair value. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There are three levels of inputs that may be used to measure fair value:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair market value measurement.

The entity has the following recurring fair value measurements as of June 30, 2024:

- Fixed income securities - Fixed income securities are valued using market corroborated inputs.

There were no level 1 or 3 inputs as of June 30, 2024.

The following table sets forth by level, within the fair value hierarchy, the District's investments at fair value as of June 30, 2024.

	2024	
	Fair Value	**Significant Observable Inputs Level 2**
Investments by Fair Value Level		
Fixed Income Securities		
U.S. Treasury Notes	$ 581,742	$ 581,742
Total Fixed Income Securities	**581,742**	**581,742**
Total Investments by Fair Value Level	**$ 581,742**	**$ 581,742**

A summary of Cash and Investments as of June 30, 2024 is as follows:

Investments Disclosed by Fair Value Level	$ 581,742
Accounts not Disclosed by Fair Value Level:	
Certificates of Deposit	2,379,900
Money Market Accounts	2,112,671
Checking Accounts	388,990
Total Cash and Investments	**$ 5,463,303**

4. CAPITAL AND RIGHT OF USE ASSETS

Capital and right of use asset activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	$ 65,665	$ -	$ -	$ 65,665
Total Capital Assets, Not Being Depreciated	**65,665**	**-**	**-**	**65,665**
Capital Assets, Being Depreciated				
Land Improvements	687,332	-	-	687,332
Buildings and Improvements	20,170,995	-	-	20,170,995
Equipment and Transportation Vehicles	2,318,178	195,516	-	2,513,694
Total Capital Assets, Being Depreciated	**23,176,505**	**195,516**	**-**	**23,372,021**
Right of Use Assets, Being Amortized				
Leased Office Equipment	33,000	-	-	33,000
Total Right of Use Assets, Being Amortized	**33,000**	**-**	**-**	**33,000**
Accumulated Depreciation for:				
Land Improvements	438,423	28,472	-	466,895
Buildings and Improvements	7,815,444	692,950	-	8,508,394
Equipment and Transportation Vehicles	1,576,792	121,473	-	1,698,265
Accumulated Amortization for:				
Leased Office Equipment	13,200	6,600	-	19,800
Total Accumulated Depreciation and Amortization	**9,843,859**	**849,495**	**-**	**10,693,354**
Total Capital and Right of Use Assets, Being Depreciated and Amortized, Net	**13,365,646**	**(653,979)**	**-**	**12,711,667**
Governmental Activities Capital and Right of Use Assets, Net	**$13,431,311**	**$ (653,979)**	**$ -**	**$12,777,332**

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

Governmental Activities	
District and School Administration	$ 400
Regular Instruction	95,623
Exceptional Instruction	383
Community Education and Services	1,068
Pupil Support Services	15,653
Site, Buildings and Equipment	18,006
Unallocated	718,362
Total Depreciation and Amortization Expense, Governmental Activities	**$ 849,495**

5. LONG-TERM LIABILITIES

A. DESCRIPTION OF LONG-TERM DEBT

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

Long-term debt is comprised of the following as of June 30, 2024:

Governmental Activities	Interest Rate	Original Issue	Maturity Date	Debt Outstanding
Alternative Facilities Bonds, Series 2016A	2.00-2.75%	$ 2,400,000	02/01/2031	$ 1,235,000
Capital Facilities Bonds, Series 2016A	2.00-2.75%	$ 960,000	02/01/2031	540,000
Alternative Facilities Refunding Bonds, Series 2016B	2.00%	$ 2,620,000	02/01/2028	1,745,000
General Obligation School Building Bonds, Series 2018A	3.00%	$ 5,160,000	02/01/2038	3,950,000
General Obligation Facilities Maintenance Bonds, Series 2018B	3.00-4.00%	$ 1,230,000	02/01/2034	895,000
General Obligation Bonds, Series 2023A	5.00%	$ 690,000	02/01/2027	690,000
General Obligation Bonds, Series 2023B	6.00%	$ 1,760,000	02/01/2032	1,760,000
Long-Term Lease Liabilities				
Right of Use Leases				
Print Management	0.00%	$ 33,000	06/01/2027	13,200
Unamortized Premiums				286,402
Unamortized Discounts				(2,017)
Total Outstanding Long-Term Debt				**$11,112,585**

General Obligation Bonds

On March 24, 2016, the District issued $2,400,000 of General Obligation Alternative Facilities Bonds, Series 2016A. The proceeds of this bond issue are for ventilation system improvements, and sprinkling/fire alarm system replacements to the existing facilities. The District will levy property taxes for the retirement of these bonds. Principal and interest payments on these bonds are recorded in the Debt Service Fund. Interest paid in 2023-2024 was $36,163.

On March 24, 2016, the District issued $960,000 of General Obligation Capital Facilities Bonds, Series 2016A. The proceeds of this bond issue are for energy conservation and deferred maintenance projects in the existing facilities. The District will levy property taxes for the retirement of these bonds. Principal and interest payments on these bonds are recorded in the Debt Service Fund. Interest paid in 2023-2024 was $15,800.

On August 18, 2016, the District issued $2,620,000 of General Obligation Alternative Facilities Refunding Bonds, Series 2016B. The proceeds of the issue were used to finance a partial refunding of the 2023 through 2028 maturities of the District's $2,945,000 General Obligation Alternative Facilities Bonds, Series 2008B, dated June 12, 2008. The proceeds were placed in an escrow account which paid the interest on the advance refunding bonds until February 2018, at which time the 2008B series bonds were callable and the escrow was used to defease the refunded debt. This advance refunding was undertaken to reduce the District's future debt service payments by $288,552, resulting in a present value savings of $260,337. Principal and interest payments on these bonds are recorded in the Debt Service Fund. Interest paid in 2023-2024 was $43,100.

5. LONG-TERM LIABILITIES (Cont'd)

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

General Obligation Bonds (Cont'd)

On February 8, 2018, the District issued $5,160,000 of General Obligation School Building Bonds, Series 2018A. The proceeds of this bond issue are for the acquisition and betterment of the school site and facility, including the renovation, repair, remodeling, upgrading, equipping and construction of improvements to the school district site and facility. This includes the renovation and construction of plumbing upgrades to the 1950 and 1961 elementary bathrooms and the 1957 varsity locker rooms; the expansion of classrooms for kindergarten and Family and Consumer Science; the construction of electrical upgrades to the K-12 building; the removal of asbestos from classrooms and hallway flooring; the acquisition, construction and installation of a new air handler in the elementary area, and the completion of various other health and safety improvements to the school district facility. The District will levy property taxes for the retirement of these bonds. Principal and interest payments on these bonds are recorded in the Debt Service Fund. Interest paid in 2023-2024 was $124,650.

On December 13, 2018, the District issued $1,230,000 of General Obligation Facilities Maintenance Bonds, Series 2018B. The proceeds of this bond issue are for various indoor air quality and health and safety projects in the existing facilities. The District will levy property taxes for the retirement of these bonds. Principal and interest payments on these bonds are recorded in the Debt Service Fund. Interest paid in 2023-2024 was $32,087.

On August 22, 2023, the District issued $690,000 of General Obligation Bonds, Series 2023A. The proceeds of this bond issue are for the acquisition and betterment of the school site and facility, including the acquisition, installation, replacement and maintenance of software, computers, mobile devices, improved technology and technology systems, networks, infrastructure, and office and instructional technology; and to pay costs associated with issuance of the bonds. The District will levy property taxes for the retirement of these bonds. Principal and interest payments on these bonds are recorded in the Debt Service Fund. There was no interest paid in 2023-2024.

On August 22, 2023, the District issued $1,760,000 of General Obligation Bonds, Series 2023B. The proceeds of this bond issue are for the acquisition and betterment of the school site and facility, including the acquisition, installation, replacement and maintenance of software, computers, mobile devices, improved technology and technology systems, networks, infrastructure, and office and instructional technology; and to pay costs associated with issuance of the bonds. The District will levy property taxes for the retirement of these bonds. Principal and interest payments on these bonds are recorded in the Debt Service Fund. There was no interest paid in 2023-2024.

Long-Term Lease Liabilities (Right of Use Lease)
Print Management

The District entered into a five year lease agreement in July of 2021 with Bennett Office Technologies (now Coordinated Business Services, Ltd.) for the use of print management services. The lease agreement has required monthly principal and interest payments of $550 throughout the term of the lease. The lease liability is measured at a discount rate of 0.00%, as estimated by the District based on the various terms in the lease agreement. Principal and interest payments on this lease are recorded in the in the General Fund. Interest paid in 2023-2024 was $-0-.

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

5. LONG-TERM LIABILITIES (Cont'd)

B. MINIMUM DEBT PAYMENTS

Minimum annual principal and interest payments on general obligation bonds payable and the right of use lease are as follows:

	General Obligation Bonds Payable		Right of Use Lease	
Year Ending June 30	**Principal**	**Interest**	**Principal**	**Interest**
2025	$ 1,115,000	$ 429,528	$ 6,600	$ -
2026	1,215,000	335,000	6,600	-
2027	1,260,000	300,300	-	-
2028	1,315,000	263,388	-	-
2029	930,000	220,325	-	-
2030-2034	3,625,000	550,258	-	-
2035-2038	1,355,000	103,200	-	-
	$10,815,000	$2,201,999	$ 13,200	$ -

C. CHANGES IN LONG-TERM LIABILITIES

Long-term liability balances and activity for the year ended June 30, 2024 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities					
Alternative Facilities Bonds, Series 2016A	$ 1,395,000	$ -	$ 160,000	$ 1,235,000	$ 165,000
Capital Facilities Bonds, Series 2016A	610,000	-	70,000	540,000	70,000
Alternative Facilities Refunding, Bonds, Series 2016B	2,155,000	-	410,000	1,745,000	420,000
General Obligation School Building Bonds, Series 2018A	4,155,000	-	205,000	3,950,000	210,000
General Obligation Facilities Maintenance Bonds, Series 2018B	970,000	-	75,000	895,000	80,000
General Obligation Bonds, Series 2023A	-	690,000	-	690,000	170,000
General Obligation Bonds, Series 2023B	-	1,760,000	-	1,760,000	-
Long-Term Lease Liabilities Right of Use Lease Print Management	19,800	-	6,600	13,200	6,600
Unamortized Premiums	148,886	176,463	38,947	286,402	42,760
Unamortized Discounts	(2,228)	-	(211)	(2,017)	(211)
	$ 9,451,458	$ 2,626,463	$ 965,336	$11,112,585	$ 1,164,149

6. OTHER POST EMPLOYMENT BENEFITS (OPEB)

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

A. GENERAL INFORMATION ABOUT THE OPEB PLAN

1. Plan Description

The District's defined benefit OPEB plan, Independent School District No. 414, Minneota, Minnesota's retirees' health insurance plan (the Plan), provides OPEB for certain retired employees of the District. The Plan is a single-employer defined benefit OPEB plan administered by the District. Benefit and eligibility provisions are established through individual contracts and negotiations between the District and various unions representing District employees and are renegotiated each two-year bargaining period.

No assets are accumulated in a trust that meets the criteria in Paragraph four of GASB Statement No. 75. OPEB benefits have historically been funded on a pay-as-you-go basis. For fiscal year 2024, the District paid benefits of $10,227 from the General Fund.

2. Benefits Provided

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

3. Employees Covered by Benefit Terms

At July 1, 2023, the following employees were covered by the benefit terms:

Spouses receiving benefits	1
Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	79
	83

B. TOTAL OPEB LIABILITY

The District's total OPEB liability of $143,845 was measured as of July 1, 2023, and was determined by an actuarial valuation as July 1, 2023. The "entry age with level percentage of pay" actuarial cost method as prescribed by GASB Statement No. 75 was used to calculate the total OPEB liability.

1. Actuarial Assumptions and Other Inputs

The total OPEB liability measured on July 1, 2023 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	Service graded table range from 2.85% to 10.25%
Discount rate	3.90%
Healthcare cost trend rate	6.50% as of July 1, 2023 grading to 5.00% over 6 years and then to 4.00% over the next 48 years

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

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

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

B. TOTAL OPEB LIABILITY (Cont'd)

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

The actuarial assumptions used in the July 1, 2023 valuation (July 1, 2023 measurement) were made in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board. Assumptions were based on various rationale that included a variety of published sources of historical and projected future financial data and various studies or experience studies. The retirement and withdrawal assumptions used were similar to those used to value pension liabilities for Minnesota School District employees. The rates are based on the Teacher Retirement Association of Minnesota actuarial experience study for the period July 1, 2014 through June 30, 2018. The full list of assumptions and rationale are included in the District's OPEB plan report, which may be obtained by writing or calling the District.

C. CHANGES IN THE TOTAL OPEB LIABILITY

	Total OPEB Liability
Balance at July 1, 2022 (reporting date June 30, 2023)	**$ 174,157**
Changes for the year:	
Service cost	11,335
Interest	6,600
Assumption Changes	2,117
Asset Gain/(Loss)	(26,520)
Benefit payments	(23,844)
Net changes	**(30,312)**
Balance at July 1, 2023 (reporting date June 30, 2024)	**$ 143,845**

Changes in the benefit terms since the prior measurement date:

- None.

Changes in actuarial assumptions since the prior measurement date:

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirements Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The discount rate was changed from 3.80% to 3.90%.

1. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

	Total OPEB Liability	
1 percent decrease (2.90%)	**Current (3.90%)**	**1 percent increase (4.90%)**
$152,269	$143,845	$135,642

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

C. CHANGES IN THE TOTAL OPEB LIABILITY (Cont'd)

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

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

	Total OPEB Liability	
1 percent decrease (5.50% decreasing to 4.00% over 6 years then to 3.00%)	**Current (6.50% decreasing to 5.00% over 6 years then to 4.00%)**	**1 percent increase (7.50% decreasing to 6.00% over 6 years then to 5.00%)**
$129,950	$143,845	$160,221

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

For the year ended June 30, 2024, the District recognized OPEB expense (revenue) of $81. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 58,719
Changes of assumptions or other inputs	6,700	10,255
Benefits paid subsequent to the measurement date	10,227	-
Total	**$ 16,927**	**$ 68,974**

$10,227 reported as deferred outflows of resources related to OPEB resulting from the District's benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30	OPEB Expense Amount
2025	$ (18,016)
2026	$ (18,010)
2027	$ (9,931)
2028	$ (10,450)
2029	$ (5,867)
Thereafter	$ -

7. FUND BALANCE CLASSIFICATION

At June 30, 2024, a summary of the governmental fund balance classifications is as follows:

	General Fund	Food Service Fund	Community Service Fund	Building Construction Fund	Debt Service Fund	Total
Nonspendable:						
Prepaid Expenditures	$ 80,391	$ 2,250	$ -	$ -	$ -	$ 82,641
Inventory	-	54,523	-	-	-	54,523
	80,391	**56,773**	**-**	**-**	**-**	**137,164**
Restricted for:						
Literacy Incentive Aid	25,304	-	-	-	-	25,304
Operating Capital	273,635	-	-	-	-	273,635
Capital Projects/Technology Levy	(713)	-	-	-	-	(713)
School Library Aid	1,605	-	-	-	-	1,605
Long-Term Facilities Maintenance	32,656	-	-	-	-	32,656
Student Support Personnel Aid	28,337	-	-			28,337
Student Activities	27,828	-	-	-	-	27,828
Food Service	-	127,478	-	-	-	127,478
Community Education	-	-	41,051	-	-	41,051
Community Service	-	-	10,341	-	-	10,341
Early Childhood Family Education	-	-	1,785	-	-	1,785
Technology and Technology Upgrades	-	-	-	2,642,317		2,642,317
Debt Service	-	-	-	-	288,214	288,214
	388,652	**127,478**	**53,177**	**2,642,317**	**288,214**	**3,499,838**
Assigned for:						
Projected Budget Deficit	122,847	-	-	-	-	122,847
Curriculum and Instructional Resources	150,000	-	-	-	-	150,000
Furniture, Fixtures, and Equipment	75,000	-	-	-	-	75,000
District Vehicles	150,000	-	-	-	-	150,000
	497,847	**-**	**-**	**-**	**-**	**497,847**
Unassigned:	**1,283,036**	**-**	**-**	**-**	**-**	**1,283,036**
Total Fund Balance:	**$2,249,926**	**$ 184,251**	**$ 53,177**	**$2,642,317**	**$ 288,214**	**$ 5,417,885**

The District is reporting a negative restricted fund balance in Capital Projects/Technology Levy at June 30, 2024. Minnesota Statutes require the District to report a deficit in the restricted fund balance, when applicable, in order to permit the statutory revenue formula calculations. This deficit will be partially offset with future operating tax levies.

8. PENSION PLANS

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

8. PENSION PLANS (Cont'd)

A. TEACHERS RETIREMENT ASSOCIATION

1. Plan Description

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

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

2. Benefits Provided

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

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

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

With these provisions:

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

(b) 3.00% per year early retirement reduction factor for all years under normal retirement age.

(c) Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

or

Tier II: For years of service prior to July 1, 2006, a level formula of 1.70% per year for Coordinated members and 2.70% per year for Basic members is applied. For years of service July 1, 2006 and after, a level formula of 1.90% per year for Coordinated members and 2.70% per year for Basic members applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under Minnesota Statute. Smaller reductions, more favorable to the member, will be applied to individuals who reach age 62 and have 30 years or more of service credit.

8. PENSION PLANS (Cont'd)

A. TEACHERS RETIREMENT ASSOCIATION (Cont'd)

2. Benefits Provided (Cont'd)

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

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

3. Contribution Rate

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

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

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

Employer contributions reported in TRA's ACFR, Statement of Changes in Fiduciary Net Position	$ 508,764,000
Employer contributions not related to future contribution efforts	(87,000)
TRA's contributions not included in allocation	(643,000)
Total employer contributions	**508,034,000**
Total non-employer contributions	35,587,000
Total contributions reported in *Schedule of Employer and Non-Employer Allocations*	**$ 543,621,000**

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

The District's contributions to the TRA plan for the year ended June 30, 2024, were $292,195. The District's contributions were equal to the required contributions as set by state statute.

8. PENSION PLANS (Cont'd)

A. TEACHERS RETIREMENT ASSOCIATION (Cont'd)

4. Actuarial Assumptions

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

Key Methods and Assumptions Used in Valuation of Total Pension Liability	
Actuarial Information	
Valuation Date	July 1, 2023
Measurement Date	June 30, 2023
Experience Study	June 28, 2019 (demographic and economic assumptions)
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.00%
Price Inflation	2.50%
Wage Growth Rate	2.85% before July 1, 2028 and 3.25% after June 30, 2028
Projected Salary Increase	2.85% to 8.85% before July 1, 2028 and 3.25% to 9.25% after June 30, 2028
Cost of Living Adjustment	1.00% for January 2019 through January 2023, then increasing by 0.10% each year up to 1.50% annually
Mortality Assumptions	
Pre-retirement	RP-2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP-2015 scale.
Post-retirement	RP-2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
Post-disability	RP-2014 disabled retiree mortality table, without adjustment.

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

8. PENSION PLANS (Cont'd)

A. TEACHERS RETIREMENT ASSOCIATION (Cont'd)

4. Actuarial Assumptions (Cont'd)

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

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

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2023 is six years. The *Difference Between Expected and Actual Experience*, *Changes of Assumptions,* and *Changes in Proportion* use the amortization period of six years in the schedule presented. The amortization period for *Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments* is five years as required by GASB Statement No. 68.

The following changes in benefit and funding terms and actuarial assumptions occurred in 2023:

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

- None

Changes in actuarial assumptions since the prior measurement date:

- The 2023 Tax Finance and Policy Bill, effective July 1, 2025:
    - The employer contribution rate will increase from 8.75% to 9.50% on July 1, 2025.
    - The employee contribution rate will increase from 7.75% to 8.00% on July 1, 2025.
    - The pension adjustment rate for school districts and the base budgets for Minnesota State, Perpich Center for Arts Education, and Minnesota Academies will increase to reflect the 0.75% employer contribution rate increase.
- The 2024 Omnibus Pensions and Retirement Bill:
    - The Normal Retirement Age (NRA) for active and eligible deferred Tier II members will be 65 effective July 1, 2024.
    - The TRA's amortization date will remain the same at 2048.

5. Discount Rate

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

6. Net Pension Liability

On June 30, 2024, the District reported a liability of $3,896,938 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to

8. PENSION PLANS (Cont'd)

A. TEACHERS RETIREMENT ASSOCIATION (Cont'd)

6. Net Pension Liability (Cont'd)

TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis and Minneapolis School District. District proportionate share was 0.0472% at the end of the measurement period and 0.0462% for the beginning of the year.

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

District's proportionate share of net pension liability	$ 3,896,938
State's proportionate share of the net pension liability associated with the District	272,941
Total	**$ 4,169,879**

For the year ended June 30, 2024, the District recognized pension expense (revenue) of $35,714. This amount is inclusive of $38,432 which is recognized as pension expense (and grant revenue) for the support provided by direct aid.

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

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual economic experience	$ 36,334	$ 55,009
Changes in actuarial assumptions	414,550	-
Net difference between projected and actual investment earnings	40,718	-
Changes in proportion	157,171	38,977
Contributions paid to TRA subsequent to the measurement date	292,195	-
Total	**$ 940,968**	**$ 93,986**

The $292,195 reported as deferred outflows of resources related to pensions resulting from the District's contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to TRA pensions will be recognized in pension expense as follows:

Year ended June 30	**Pension Expense Amount**
2025	$ 77,493
2026	$ 30,867
2027	$ 452,060
2028	$ (11,851)
2029	$ 6,218
Thereafter	$ -

8. PENSION PLANS (Cont'd)

A. TEACHERS RETIREMENT ASSOCIATION (Cont'd)

7. Pension Liability Sensitivity

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

Sensitivity of Net Pension Liability (NPL) to changes in the discount rate

1 percent decrease (6.00%)	Current (7.00%)	1 percent increase (8.00%)
$6,215,329	$3,896,938	$1,999,052

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

8. Pension Plan Fiduciary Net Position

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

B. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

1. Plan Description

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

General Employees Retirement Plan

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

2. Benefits Provided

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

General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.20% for each of the first 10 years of service and 1.70% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.70% for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

8. PENSION PLANS (Cont'd)

B. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Cont'd)

2. Benefits Provided (Cont'd)

General Employees Plan Benefits (Cont'd)

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50.00% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1.00% and a maximum of 1.50%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

In 2023, the legislature allocated funding for a one-time lump-sum payment to General Employee Plan benefit recipients. Eligibility criteria and the payment amount is specified in statute. The one-time payment is non-compounding towards future benefits.

3. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2024 and the District was required to contribute 7.50% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2024, were $81,438. The District's contributions were equal to the required contributions as set by state statute.

4. Pension Costs

General Employees Fund Pension Costs

At June 30, 2024, the District reported a liability of $749,313 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled $20,702.

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0134% at the end of the measurement period and 0.0131% for the beginning of the period.

District's proportionate share of net pension liability	$ 749,313
State's proportionate share of the net pension liability associated with the District	20,702
Total	**$ 770,015**

For the year ended June 30, 2024, the District recognized pension expense (revenue) of $138,318 for its proportionate share of the General Employees Plan's pension expense. This amount is inclusive of $93, which is recognized as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's pension expense for the annual $16 million contribution.

8. PENSION PLANS (Cont'd)

B. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Cont'd)

4. Pension Costs (Cont'd)

General Employees Fund Pension Costs (Cont'd)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 24,475	$ 4,970
Changes in actuarial assumptions	116,849	205,380
Net difference between projected and actual investment earnings	-	26,264
Changes in proportion	34,080	-
Contributions paid to PERA subsequent to the measurement date	81,438	-
Total	**$ 256,842**	**$ 236,614**

The $81,438 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Pension Expense Amount
2025	$ 35,216
2026	$ (101,456)
2027	$ 21,286
2028	$ (16,256)
2029	$ -
Thereafter	$ -

5. Long-term Expected Return on Investment

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

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

8. PENSION PLANS (Cont'd)

B. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Cont'd)

6. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.00%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates deemed to be reasonable by the actuary. An investment return of 7.00% was deemed to be within that range of reasonableness for financial reporting purposes.

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

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

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

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

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

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

7. Discount Rate

The discount rate for the General Employees Plan used to measure the total pension liability in 2023 was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

8. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability for the General Employees Fund, calculated using the discount rate disclosed in the preceding paragraph, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current discount rate:

8. PENSION PLANS (Cont'd)

B. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Cont'd)

8. Pension Liability Sensitivity (Cont'd)

Sensitivity of Net Pension Liability (NPL) to changes in the discount rate

1 percent decrease (6.00%)	Current (7.00%)	1 percent increase (8.00%)
$1,325,595	$749,313	$275,299

9. Pension Plan Fiduciary Net Position

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

C. CHANGES IN THE NET PENSION LIABILITY

Changes in the net pension liability related to pension plans for the fiscal year ended June 30, 2024 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Teachers Retirement Association	$ 3,699,452	$ 713,672	$ 516,186	$ 3,896,938
Public Employees Retirement Association	1,037,524	147,083	435,294	749,313
Total Net Pension Liability	**$ 4,736,976**	**$ 860,755**	**$ 951,480**	**$ 4,646,251**

D. FINANCIAL STATEMENT PRESENTATION

Deferred Inflows/Outflows of Resources related to pension plans are presented in the June 30, 2024 basic financial statements as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activities		
TRA	$ 940,968	$ 93,986
PERA	256,842	236,614
Total Governmental Activities	**$ 1,197,810**	**$ 330,600**

9. OPERATING TRANSFER

During 2024, the following authorized transfer was made:

From	To	Purpose	Amount
General Fund	Community Service Fund	To cover deficit spending in School Readiness and E.C.F.E.	$ 67,553

10. GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED

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

11. SUBSEQUENT EVENT

On October 1, 2024, the School Board approved pursuing two questions for the February 11, 2025 building bond referendum. Question #1 will be for infrastructure for $11,724,100. Question #2 will be for programming options for $13,089,000.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 414
MINNEOTA, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOES
JUNE 30, 2024

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

Measurement Date	7/1/2023	7/1/2022	7/1/2021	7/1/2020	7/1/2019	7/1/2018	7/1/2017
Total OPEB Liability							
Service Cost	$ 11,335	8,885	$ 11,250	$ 14,453	$ 10,976	$ 12,833	$ 12,459
Interest	6,600	4,055	5,870	6,084	8,816	9,367	9,989
Assumption Changes	2,117	(12,629)	5,958	3,582	(4,331)	-	-
Plan Changes	-	-	-	62,678	-	-	-
Differences between expected and actual experience	-	-	(37,950)	-	(52,272)	-	-
Asset Gain/(Loss)	(26,520)	-	-	-	-	-	-
Benefit Payments	(23,844)	(20,644)	(47,679)	(22,954)	(36,326)	(36,766)	(45,399)
Net change in total OPEB liability	**(30,312)**	**(20,333)**	**(62,551)**	**63,843**	**(73,137)**	**(14,566)**	**(22,951)**
Total OPEB Liability - Beginning	**174,157**	**194,490**	**257,041**	**193,198**	**266,335**	**280,901**	**303,852**
Total OPEB Liability - Ending (a)	**$ 143,845**	**174,157**	**$ 194,490**	**$ 257,041**	**$ 193,198**	**$ 266,335**	**$ 280,901**
Covered Payroll	$ 3,838,967	3,164,870	$ 3,072,689	$ 2,992,761	$ 2,905,593	$ 2,969,907	$ 2,833,405
Total OPEB liability as a percentage of covered payroll	3.75%	5.50%	6.33%	8.59%	6.65%	8.97%	9.91%

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

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

INDEPENDENT SCHOOL DISTRICT NO. 414
MINNEOTA, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S SHARE OF NET PENSION LIABILITY AND DISTRICT'S CONTRIBUTIONS FOR DEFINED BENEFIT PENSION PLANS
JUNE 30, 2024

TEACHERS RETIREMENT ASSOCIATION

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

Measurement Date	District's Proportion (Percentage) of the Net Pension Liability (Asset)	District's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability (Asset) Associated with the District (b)	District's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the District (a+b)	District's Covered Payroll (c)	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a+b/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/23	0.0472%	$ 3,896,938	$ 272,941	$4,169,879	$3,000,741	139.0%	76.42%
6/30/22	0.0462	3,699,452	274,203	3,973,655	2,858,632	139.0	76.17
6/30/21	0.0431	1,886,185	158,959	2,045,144	2,605,316	78.5	86.63
6/30/20	0.0437	3,228,615	270,783	3,499,398	2,525,827	138.5	75.48
6/30/19	0.0439	2,798,195	247,709	3,045,904	2,503,129	121.7	78.21
6/30/18	0.0451	2,834,587	266,479	3,101,066	2,507,126	123.7	78.07
6/30/17	0.0437	8,723,313	842,826	9,566,139	2,354,446	406.3	51.57
6/30/16	0.0459	10,948,245	1,098,762	12,047,007	2,433,727	495.0	44.88
6/30/15	0.0485	3,000,205	367,673	3,367,878	2,477,655	135.9	76.80
6/30/14	0.0512	2,359,259	165,965	2,525,224	2,334,359	108.2	81.50

TEACHERS RETIREMENT ASSOCIATION

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

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
6/30/24	$ 292,195	$ 292,195	$ -	$ 3,324,226	8.79%
6/30/23	256,988	256,988	-	3,000,741	8.56
6/30/22	239,805	239,805	-	2,858,632	8.39
6/30/21	212,153	212,153	-	2,605,316	8.14
6/30/20	200,524	200,524	-	2,525,827	7.94
6/30/19	193,861	193,861	-	2,503,129	7.74
6/30/18	188,886	188,886	-	2,507,126	7.50
6/30/17	176,583	176,583	-	2,354,446	7.50
6/30/16	179,016	179,016	-	2,433,727	7.40
6/30/15	185,810	185,810	-	2,477,655	7.50

INDEPENDENT SCHOOL DISTRICT NO. 414
MINNEOTA, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S SHARE OF NET PENSION LIABILITY AND DISTRICT'S CONTRIBUTIONS FOR DEFINED BENEFIT PENSION PLANS
(CONTINUED)
JUNE 30, 2024

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

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

Measurement Date	District's Proportion (Percentage) of the Net Pension Liability (Asset)	District's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the District (b)	District's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the District (a+b)	District's Covered Payroll (c)	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a+b/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/23	0.0134%	$ 749,313	$ 20,702	$ 770,015	$1,071,222	71.9%	83.1%
6/30/22	0.0131	1,037,524	30,453	1,067,977	990,734	107.8	76.7
6/30/21	0.0129	550,888	16,831	567,719	949,747	59.8	87.0
6/30/20	0.0121	725,450	22,239	747,689	881,867	84.8	79.1
6/30/19	0.0114	630,280	19,499	649,779	830,871	78.2	80.2
6/30/18	0.0118	654,616	21,495	676,111	793,160	85.2	79.5
6/30/17	0.0115	734,152	9,192	743,344	739,689	100.5	75.9
6/30/16	0.0111	901,265	11,724	912,989	688,850	132.5	68.9
6/30/15	0.0105	544,164	-	544,164	621,818	87.5	78.2
6/30/14	0.0113	530,817	-	530,817	599,431	88.6	78.7

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

PUBLIC EMPLOYEES GENERAL RETIREMENT ASSOCIATION

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

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
6/30/24	$ 81,438	$ 81,438	$ -	$ 1,085,844	7.5%
6/30/23	80,177	80,177	-	1,071,222	7.5
6/30/22	73,408	73,408	-	990,734	7.4
6/30/21	70,330	70,330	-	949,747	7.4
6/30/20	64,509	64,509	-	881,867	7.3
6/30/19	61,129	61,129	-	830,871	7.4
6/30/18	58,602	58,602	-	793,160	7.4
6/30/17	55,426	55,426	-	739,689	7.5
6/30/16	51,614	51,614	-	688,850	7.5
6/30/15	45,817	45,817	-	621,818	7.4

INDEPENDENT SCHOOL DISTRICT NO. 414
MINNEOTA, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024
(with Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024 Budgeted Amounts		2024		2023
	Original	Final	Actual	Variance	Actual
REVENUES					
Local Property Tax Levies:					
Maintenance Levy	$ 1,173,103	$ 1,147,506	$ 1,120,346	$ (27,160)	$ 1,028,652
	1,173,103	**1,147,506**	**1,120,346**	**(27,160)**	**1,028,652**
Other Local and County Revenues:					
County Apportionment	13,766	13,766	14,891	1,125	20,294
Other School Districts-Tuition/Reimbursements	352,149	407,856	403,456	(4,400)	320,963
Admissions	117,550	114,060	140,094	26,034	87,308
Student Fees	36,000	41,000	46,423	5,423	25,338
Earnings From Investments	51,000	42,000	75,806	33,806	59,317
Rent For School Facilities	9,600	9,600	9,600	-	9,600
Miscellaneous Revenues and Reimbursements	24,000	18,400	26,951	8,551	25,135
	604,065	**646,682**	**717,221**	**70,539**	**547,955**
Revenue From State Sources:					
Endowment Fund Apportionment	21,836	22,000	28,843	6,843	22,978
General Education Aid	4,518,004	4,696,924	4,782,261	85,337	4,346,766
Shared Time	9,621	9,621	13,848	4,227	8,236
Disparity Aid	-	1,284	1,284	-	1,296
Homestead/Agricultural Levy Credits	2,000	15,343	15,343	-	16,887
Other State Credits	1,518	42,988	5,382	(37,606)	4,409
Special Education	679,183	622,738	904,146	281,408	597,157
Non-Public Pupil Transportation	8,506	10,902	8,442	(2,460)	8,242
Integration Aid	22,442	23,091	23,110	19	22,442
Alt Teacher Compensation	87,880	87,542	87,557	15	87,870
Literacy Incentive Aid	34,056	34,056	25,304	(8,752)	34,056
School Unemployment Aid	147,148	147,148	60,579	(86,569)	-
Student Support Aid	-	13,012	40,000	26,988	-
Library Aid	-	36,000	40,000	4,000	-
Medical Assistance	12,000	16,000	10,721	(5,279)	14,039
	5,544,194	**5,778,649**	**6,046,820**	**268,171**	**5,164,378**
Revenue From Federal Sources:					
Title I	51,833	51,833	52,446	613	51,579
Title II	19,791	9,791	9,790	(1)	10,014
Title IV	-	10,000	10,000	-	10,000
Elementary and Secondary School Emergency Relief (ESSER) Fund	-	60,000	6,654	(53,346)	-
Rural Education Achievement Program	38,646	38,646	50,993	12,347	48,909
Federal Special Education	22,000	16,895	34,809	17,914	36,856
Other Federal Programs	-	-	-	-	14,532
	132,270	**187,165**	**164,692**	**(22,473)**	**171,890**
Sales and Other Conversion of Assets:					
Resale Materials	-	-	10,338	10,338	4,673
	-	**-**	**10,338**	**10,338**	**4,673**
TOTAL REVENUES	**7,453,632**	**7,760,002**	**8,059,417**	**299,415**	**6,917,548**
EXPENDITURES					
Current:					
District and School Administration:					
Salaries and Wages	432,666	443,761	451,078	(7,317)	445,496
Employee Benefits	122,077	124,329	122,452	1,877	117,860
Purchased Services	12,000	20,500	17,095	3,405	19,119
Supplies and Materials	2,500	2,500	4,440	(1,940)	2,068
Other Expenditures	10,500	9,450	3,572	5,878	8,884
	579,743	**600,540**	**598,637**	**1,903**	**593,427**
District Support Services:					
Salaries and Wages	75,353	75,353	107,415	(32,062)	98,985
Employee Benefits	147,394	11,415	15,775	(4,360)	14,448
Purchased Services	68,500	66,000	100,039	(34,039)	103,204
Supplies and Materials	16,000	15,000	145,974	(130,974)	131,654
Other Expenditures	20,000	15,100	17,088	(1,988)	12,258
	327,247	**182,868**	**386,291**	**(203,423)**	**360,549**

INDEPENDENT SCHOOL DISTRICT NO. 414
MINNEOTA, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024
(with Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024 Budgeted Amounts		2024		2023
EXPENDITURES (Cont'd)	**Original**	**Final**	**Actual**	**Variance**	**Actual**
Current: (Cont'd)					
Regular Instruction:					
Salaries and Wages	$ 2,536,038	$ 2,496,446	$ 2,411,385	$ 85,061	$ 2,195,733
Employee Benefits	532,630	703,950	604,351	99,599	529,746
Purchased Services	288,989	287,351	402,708	(115,357)	232,178
Supplies and Materials	431,250	458,190	242,524	215,666	177,523
	3,788,907	**3,945,937**	**3,660,968**	**284,969**	**3,135,180**
Vocational Instruction:					
Salaries and Wages	108,887	104,732	130,468	(25,736)	116,980
Employee Benefits	26,938	25,764	32,071	(6,307)	36,435
Supplies and Materials	39,200	29,300	18,052	11,248	83,733
	175,025	**159,796**	**180,591**	**(20,795)**	**237,148**
Exceptional Instruction:					
Salaries and Wages	731,086	759,943	762,890	(2,947)	740,922
Employee Benefits	140,421	147,724	149,120	(1,396)	147,592
Purchased Services	160,558	196,089	210,690	(14,601)	143,934
Supplies and Materials	6,350	7,960	8,438	(478)	5,211
	1,038,415	**1,111,716**	**1,131,138**	**(19,422)**	**1,037,659**
Instructional Support Services:					
Salaries and Wages	27,904	30,904	72,058	(41,154)	144,970
Employee Benefits	4,552	4,552	11,419	(6,867)	23,021
Purchased Services	93,600	76,600	81,581	(4,981)	154,385
Supplies and Materials	9,000	13,650	10,631	3,019	7,704
	135,056	**125,706**	**175,689**	**(49,983)**	**330,080**
Pupil Support Services:					
Salaries and Wages	130,481	165,531	143,230	22,301	107,948
Employee Benefits	37,130	55,121	35,508	19,613	22,894
Purchased Services	418,562	432,250	280,659	151,591	309,114
Supplies and Materials	123,650	108,795	79,100	29,695	101,688
	709,823	**761,697**	**538,497**	**223,200**	**541,644**
Site, Buildings and Equipment:					
Salaries and Wages	206,428	219,265	218,170	1,095	199,347
Employee Benefits	44,077	47,080	42,411	4,669	39,869
Purchased Services	281,798	311,600	331,298	(19,698)	494,877
Supplies and Materials	181,000	152,000	151,767	233	177,835
Other Expenditures	70	70	30	40	100
	713,373	**730,015**	**743,676**	**(13,661)**	**912,028**
Fiscal And Other Fixed Cost Programs:					
District Insurance	52,000	52,635	40,372	12,263	38,949
	52,000	**52,635**	**40,372**	**12,263**	**38,949**
Capital Outlay:					
District Support Services	-	-	2,149	(2,149)	14,617
Regular Instruction	191,900	189,300	189,007	293	164,846
Site, Buildings and Equipment	17,000	8,100	8,324	(224)	5,039
	208,900	**197,400**	**199,480**	**(2,080)**	**184,502**
Debt Service:					
Principal	25,000	35,300	17,143	18,157	63,844
Interest	-	1,300	1,306	(6)	1,936
	25,000	**36,600**	**18,449**	**18,151**	**65,780**
TOTAL EXPENDITURES	**7,753,489**	**7,904,910**	**7,673,788**	**231,122**	**7,436,946**

INDEPENDENT SCHOOL DISTRICT NO. 414
MINNEOTA, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024
(with Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024 Budgeted Amounts		2024		2023
	Original	Final	Actual	Variance	Actual
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	**$ (299,857)**	**$ (144,908)**	**$ 385,629**	**$ 530,537**	**$ (519,398)**
OTHER FINANCING SOURCES (USES)					
Insurance Recovery	-	-	-	-	165,394
Operating Transfers In (Out)	-	-	(67,553)	(67,553)	-
	-	**-**	**(67,553)**	**(67,553)**	**165,394**
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	**(299,857)**	**(144,908)**	**318,076**	**462,984**	**(354,004)**
FUND BALANCE BEGINNING OF YEAR	**1,931,850**	**1,931,850**	**1,931,850**	**-**	**2,285,854**
FUND BALANCE END OF YEAR	**$ 1,631,993**	**$ 1,786,942**	**$ 2,249,926**	**$ 462,984**	**$ 1,931,850**

	2024 Actual		2023 Actual	
FUND BALANCE ANALYSIS				
NONSPENDABLE FUND BALANCE				
Prepaid Expenditures	**$ 80,391**		**$ 46,428**	
RESTRICTED FUND BALANCE				
Gifted and Talented	-		6,877	
Safe Schools - Crime Levy	-		18,353	
Learning and Development	-		101,120	
Basic Skills	-		6,611	
Operating Capital	273,635		150,574	
School Library Aid	1,605		-	
Literacy Incentive Aid	25,304		-	
Student Support Personnel Aid	28,337		-	
Capital Projects/Technology Levy	(713)	**	(51)	**
Long-Term Facilities Maintenance	32,656		(3,751)	**
Student Activities	27,828		20,838	
TOTAL RESTRICTED FUND BALANCE	**388,652**		**300,571**	
ASSIGNED FUND BALANCE				
Projected Budget Deficit	122,847		299,857	
Curriculum and Instructional Resources	150,000		-	
Furniture, Fixtures, and Equipment	75,000		-	
District Vehicles	150,000		-	
TOTAL ASSIGNED FUND BALANCE	**497,847**		**299,857**	
UNASSIGNED FUND BALANCE	**1,283,036**		**1,284,994**	
TOTAL FUND BALANCE	**$ 2,249,926**		**$ 1,931,850**	

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

INDEPENDENT SCHOOL DISTRICT NO. 414
MINNEOTA, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - FOOD SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2024
(with Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024 Budgeted Amounts		2024		2023
	Original	Final	Actual	Variance	Actual
REVENUES					
Other Local and County Revenues:					
Earnings From Investments	$ 2,500	$ 4,000	$ 4,148	$ 148	$ 7,315
Revenue From State Sources:					
School Lunch Aid	10,000	10,000	205,811	195,811	10,635
School Milk Program	400	400	430	30	286
School Breakfast Program	-	1,000	43,475	42,475	6,251
	10,400	11,400	249,716	238,316	17,172
Revenue From Federal Sources:					
School Lunch Aid	-	-	36,058	36,058	55,794
Special Assistance	350,000	350,000	92,791	(257,209)	74,907
School Breakfast Program	60,000	75,000	35,151	(39,849)	21,685
Other Federal Programs	5,600	1,300	-	(1,300)	13,977
USDA Commodities	20,000	29,300	41,960	12,660	37,923
	435,600	455,600	205,960	(249,640)	204,286
Sales And Other Conversion Of Assets:					
Sale of Lunches and Breakfasts	41,144	26,500	33,121	6,621	183,927
TOTAL REVENUES	489,644	497,500	492,945	(4,555)	412,700
EXPENDITURES					
Current:					
Pupil Support Services:					
Salaries and Wages	137,526	156,071	153,320	2,751	144,898
Employee Benefits	20,836	25,201	24,161	1,040	21,914
Purchased Services	9,500	26,000	21,540	4,460	17,696
Supplies and Materials	17,000	18,000	13,507	4,493	12,094
Food Purchases	195,000	204,500	193,908	10,592	153,610
USDA Commodities	15,000	15,000	41,960	(26,960)	37,923
Milk Purchases	31,200	31,200	28,317	2,883	20,458
	426,062	475,972	476,713	(741)	408,593
Capital Outlay:					
Pupil Support Services	-	-	-	-	35,638
TOTAL EXPENDITURES	426,062	475,972	476,713	(741)	444,231
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	63,582	21,528	16,232	(5,296)	(31,531)
FUND BALANCE BEGINNING OF YEAR	168,019	168,019	168,019	-	199,550
FUND BALANCE END OF YEAR	$ 231,601	$ 189,547	$ 184,251	$ (5,296)	$ 168,019

FUND BALANCE ANALYSIS					
NONSPENDABLE FUND BALANCE					
Prepaid Expenditures			$ 2,250		$ -
Inventory			54,523		36,686
TOTAL NONSPENDABLE FUND BALANCE			56,773		36,686
RESTRICTED FUND BALANCE					
Food Service			127,478		131,333
TOTAL FUND BALANCE			$ 184,251		$ 168,019

INDEPENDENT SCHOOL DISTRICT NO. 414
MINNEOTA, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - COMMUNITY SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2024
(with Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024 Budgeted Amounts		2024		2023
	Original	**Final**	**Actual**	**Variance**	**Actual**
REVENUES					
Local Property Tax Levies:					
Community Service Levy	$ 37,378	$ 38,499	$ 36,288	$ (2,211)	$ 34,987
Other Local And County Revenues:					
Earnings From Investments	2,000	500	984	484	700
Fees From Patrons	87,000	101,474	104,694	3,220	107,133
	89,000	**101,974**	**105,678**	**3,704**	**107,833**
Revenue From State Sources:					
Disparity and Abatement Aid	53	58	58	-	59
Homestead Market Value	350	693	699	6	735
Preschool Screening	1,620	1,338	4,114	2,776	3,195
Non Public School Programs	7,394	8,055	12,703	4,648	7,593
Early Childhood and Family Education	9,131	9,063	9,063	-	9,136
School Readiness	11,873	14,361	14,361	-	11,865
	30,421	**33,568**	**40,998**	**7,430**	**32,583**
TOTAL REVENUES	**156,799**	**174,041**	**182,964**	**8,923**	**175,403**
EXPENDITURES					
Current:					
Community Education And Services:					
Salaries and Wages	114,973	170,775	160,051	10,724	118,004
Employee Benefits	18,476	28,639	26,493	2,146	19,351
Purchased Services	11,403	20,571	15,807	4,764	15,031
Supplies and Materials	17,191	19,982	26,654	(6,672)	20,634
Other Expenditures	-	-	605	(605)	362
	162,043	**239,967**	**229,610**	**10,357**	**173,382**
Capital Outlay:					
Community Education And Services	**5,000**	**1,000**	**-**	**1,000**	**15,122**
TOTAL EXPENDITURES	**167,043**	**240,967**	**229,610**	**11,357**	**188,504**
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	**(10,244)**	**(66,926)**	**(46,646)**	**20,280**	**(13,101)**
OTHER FINANCING SOURCES (USES)					
Operating Transfers In (Out)	**-**	**-**	**67,553**	**67,553**	**-**
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	**(10,244)**	**(66,926)**	**20,907**	**87,833**	**(13,101)**
FUND BALANCE BEGINNING OF YEAR	**32,270**	**32,270**	**32,270**	**-**	**45,371**
FUND BALANCE END OF YEAR	**$ 22,026**	**$ (34,656)**	**$ 53,177**	**$ 87,833**	**$ 32,270**
FUND BALANCE ANALYSIS					
RESTRICTED FUND BALANCE					
Community Education			$ 41,051		$ 27,932
Community Service			10,341		7,460
Early Childhood Family Education			1,785		(12,000) **
School Readiness			-		8,878
TOTAL RESTRICTED FUND BALANCE			**$ 53,177**		**$ 32,270**

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

1. OTHER POST EMPLOYMENT BENEFITS

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

2024 Changes

Changes in Benefit Terms:

- None

Changes in Actuarial Assumptions:

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirements Plans Headcount- Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The discount rate was changed from 3.80% to 3.90%.

2023 Changes

Changes in Benefit Terms:

- None

Changes in Actuarial Assumptions:

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

2022 Changes

Changes in Benefit Terms:

- None

Changes in Actuarial Assumptions:

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

2021 Changes

Changes in Benefit Terms:

- Two teachers retired with Early Retirement Incentive benefits of $602 per month of District paid medical contributions, payable until Medicare eligibility or June 30, 2021. The increase in liability also reflects a corresponding increase in the implicit rate medical subsidy.

Changes in Actuarial Assumptions:

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

2020 Changes

Changes in Benefit Terms:

- None

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-2016 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3% per year for all employees to rates which vary by service and contract group.
- The discount rate was changed from 3.40% to 3.10%.

2019 Changes

Changes in Benefit Terms:

- None

Changes in Actuarial Assumptions:

- None

1. OTHER POST EMPLOYMENT BENEFITS (Cont'd)

2018 Changes

Changes in the Benefit Terms:

- None

Changes in Actuarial Assumptions:

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality table was updated from the RP-2014 White Collar Mortality Tables with MP-2014 Generational Improvement Scale to the RP-2014 adjusted to 2006 White Collar Mortality Tables with MP-2016 Generational Improvement Scale.
- The discount rate was changed from 4.00% to 3.40%.
- The withdrawal table for all employees and retirement table for only employees eligible to retire with Rule 90 also were updated.

2. DEFINED BENEFIT PENSION PLANS

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

Teachers Retirement Association

2023 Changes

Changes in Benefit and Funding Terms:

- None

Changes in Actuarial Assumptions:

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

- The employer contribution rate will increase from 8.75% to 9.50% on July 1, 2025.
- The employee contribution rate will increase from 7.75% to 8.00% on July 1, 2025.
- The pension adjustment rate for school districts and the base budgets for Minnesota State, Perpich Center for Arts Education, and Minnesota Academies will increase to reflect the 0.75% employer contribution rate increase.

The 2024 Omnibus Pensions and Retirement Bill:

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

2022 Changes

Changes in Benefit and Funding Terms:

- None

Changes in Actuarial Assumptions:

- None

2021 Changes

Changes in Benefit and Funding Terms:

- None

Changes in Actuarial Assumptions:

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

2020 Changes

Changes in Benefit and Funding Terms:

- None

Changes in Actuarial Assumptions:

- Assumed termination rates were changed to more closely reflect actual experience.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP-2015 scale.
- Assumed form of annuity election proportions were changed to more closely reflect actual experience for female retirees.

2. DEFINED BENEFIT PENSION PLANS (Cont'd)
Teachers Retirement Association (Cont'd)
2019 Changes

Changes in Benefit and Funding Terms:

- None

Changes in Actuarial Assumptions:

- None

2018 Changes

Changes in Benefit and Funding Terms:

The 2018 Omnibus Pension Bill contained a number of changes.

- The COLA was reduced from 2.00% each January 1 to 1.00%, effective January 1, 2019. Beginning January 1, 2024, the COLA (Cost of Living Adjustment) will increase 0.10% each year until reaching the ultimate rate of 1.50% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.50% if the funded ratio was at least 90.00% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to 0.00% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.00% to 3.00%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.50% to 7.50%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years, (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

Changes in Actuarial Assumptions:

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

2017 Changes

Changes in Benefit and Funding Terms:

- None

Changes in Actuarial Assumptions:

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

2. DEFINED BENEFIT PENSION PLANS (Cont’d)
Teachers Retirement Association (Cont’d)
2017 Changes (Cont'd)
Changes in Actuarial Assumptions (Cont’d):
- The general wage growth assumption was lowered from 3.50% to 2.85% for ten years followed by 3.25%, thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

2016 Changes
Changes in Benefit and Funding Terms:
- None

Changes in Actuarial Assumptions:
- The COLA was not assumed to increase (it remained at 2.00% for all future years).
- The price inflation assumption was lowered from 3.00% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.50%.
- Minor changes at some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP-2015 scale.
- The post-retirement mortality assumption was changed to the RP-2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
- The post-disability mortality assumption was changed to the RP-2014 disabled retiree mortality table, without adjustment.
- Separate retirement assumptions for members hired before or after July 1, 1989 were created to better reflect each group’s behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional forms of payment at retirement were made.

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

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

Public Employees Retirement Association
<u>General Employees Fund</u>
2023 Changes
Changes in Actuarial Assumptions:
- The investment return assumption and single discount rate were changed from 6.50% to 7.00%.

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

2. DEFINED BENEFIT PENSION PLANS (Cont'd)
Public Employees Retirement Association (Cont'd)
General Employees Fund (Cont'd)

2022 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- None

2021 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- None

2020 Changes

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two through five and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 general mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 general/teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100.00% Joint & Survivor option changed from 35.00% to 45.00%. The assumed number of married female new retirees electing 100.00% Joint & Survivor option changed from 15.00% to 30.00%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions:

- Augmentation for current privatized members was reduced to 2.00% for the period July 1, 2020 through December 31, 2023 and 0.00% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- The employer supplemental contribution was changed prospectively, decreasing from $31 million to $21 million per year. The State's special funding contribution was changed prospectively, requiring $16 million due per year through 2031.

2. DEFINED BENEFIT PENSION PLANS (Cont'd)
Public Employees Retirement Association (Cont'd)
General Employees Fund (Cont'd)
2018 Changes
Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

2017 Changes
Changes in Actuarial Assumptions:

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

Change in Plan Provisions:

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

2016 Changes
Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- None

2015 Changes
Changes in Actuarial Assumptions:

- The assumed annual increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2035 and 2.50% per year thereafter.

2. DEFINED BENEFIT PENSION PLANS (Cont'd)
Public Employees Retirement Association (Cont'd)
General Employees Fund (Cont'd)
2015 Changes (Cont'd)

Changes in Plan Provisions:

- On January 1, 2015 the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by $1.1 billion and increased the fiduciary plan net position by $892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of $6 million, which meets the special funding situation definition, was due September 2015.

3. BUDGETS, STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

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

A. DEFICIT SPENDING

For the year ended June 30, 2024, the District projected deficit spending in the following funds:

General Fund	$ 144,908
Community Service Fund	$ 66,926

B. EXPENDITURES EXCEEDING APPROPRIATIONS

For the year ended June 30, 2024, the District had the following fund with expenditures exceeding the latest amended budget:

Fund	Budget	Expenditures	Excess
Food Service Fund	$ 475,972	$ 476,713	$ 741

Budget revisions were last approved in February of 2024. These excesses were realized since that time and are approved by the School Board upon acceptance of this report.

OTHER SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 414
MINNEOTA, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUILDING CONSTRUCTION FUND
FOR THE YEAR ENDED JUNE 30, 2024
(with Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024 Budgeted Amounts		2024		2023
	Original	Final	Actual	Variance	Actual
REVENUES					
Other Local And County Revenues:					
Earnings From Investments	$ -	$ 71,016	$ 113,179	$ 42,163	$ -
EXPENDITURES					
Current:					
Site, Buildings and Equipment:					
Purchased Services	-	-	61,946	(61,946)	-
Supplies and Materials	-	36,000	35,379	621	-
	-	36,000	97,325	(61,325)	-
TOTAL EXPENDITURES	-	36,000	97,325	(61,325)	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	35,016	15,854	(19,162)	-
OTHER FINANCING SOURCES (USES)					
Bond Proceeds	-	2,450,000	2,450,000	-	-
Bond Issuance Premium	-	185,533	176,463	(9,070)	-
	-	2,635,533	2,626,463	(9,070)	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	2,670,549	2,642,317	(28,232)	-
FUND BALANCE BEGINNING OF YEAR	-	-	-	-	-
FUND BALANCE END OF YEAR	$ -	$ 2,670,549	$ 2,642,317	$ (28,232)	$ -
FUND BALANCE ANALYSIS					
RESTRICTED FUND BALANCE					
Technology and Technology Upgrades			$ 2,642,317		$ -

INDEPENDENT SCHOOL DISTRICT NO. 414
MINNEOTA, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2024
(with Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024 Budgeted Amounts		2024		2023
	Original	Final	Actual	Variance	Actual
REVENUES					
Local Property Tax Levy:					
Debt Service Levy	$ 1,100,531	$ 506,190	$ 507,745	$ 1,555	$ 575,547
Other Local And County Revenues:					
Earnings From Investments	5,000	5,500	34,106	28,606	20,317
Revenue From State Sources:					
Homestead Market Value	19,000	20,380	20,380	-	22,096
Disparity Aid	2,934	1,705	1,705	-	1,695
School Bond Agriculture Credit	-	572,257	572,257	-	477,905
Long-Term Facilities Maintenance Aid	82,833	72,265	80,751	8,486	85,803
	104,767	666,607	675,093	8,486	587,499
TOTAL REVENUES	1,210,298	1,178,297	1,216,944	38,647	1,183,363
EXPENDITURES					
Debt Service:					
Principal	920,000	920,000	920,000	-	895,000
Interest	251,800	251,800	251,800	-	276,205
Other Debt Service Expenditures	6,000	6,000	2,100	3,900	5,850
TOTAL EXPENDITURES	1,177,800	1,177,800	1,173,900	3,900	1,177,055
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	32,498	497	43,044	42,547	6,308
FUND BALANCE BEGINNING OF YEAR	245,170	245,170	245,170	-	238,862
FUND BALANCE END OF YEAR	$ 277,668	$ 245,667	$ 288,214	$ 42,547	$ 245,170
FUND BALANCE ANALYSIS					
RESTRICTED FUND BALANCE					
Debt Service			$ 288,214		$ 245,170

INDEPENDENT SCHOOL DISTRICT NO. 414
MINNEOTA, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND - HISTORICAL ANALYSIS

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
REVENUES										
Local Property Tax Levies	$ 512,567	$ 449,861	$ 474,877	$ 609,409	$ 536,521	$ 548,657	$ 551,710	$ 522,039	$ 1,028,652	$ 1,120,346
Other Local and County Revenues	447,966	425,428	560,948	574,078	598,005	557,594	543,069	478,726	547,955	717,221
Revenue From State Sources	4,683,889	4,548,527	4,461,197	4,640,616	4,789,453	4,923,865	4,840,255	5,046,750	5,164,378	6,046,820
Revenue From Federal Sources	173,046	176,818	167,778	141,777	129,541	144,497	335,836	657,834	171,890	164,692
Sales and Other Conversion of Assets	-	-	9,355	39,259	7,662	2,023	2,723	1,651	4,673	10,338
Transfers In/Prior Period Restatement	-	-	-	-	-	9,684	-	-	-	-
TOTAL REVENUES	**5,817,468**	**5,600,634**	**5,674,155**	**6,005,139**	**6,061,182**	**6,186,320**	**6,273,593**	**6,707,000**	**6,917,548**	**8,059,417**
EXPENDITURES - PROGRAMS										
District and School Administration	415,665	406,649	445,662	477,496	496,350	499,718	539,979	661,027	593,427	598,637
District Support Services	117,327	124,683	134,562	144,087	141,818	131,664	137,449	151,834	375,166	400,289
Regular Instruction	3,057,550	3,100,251	2,987,575	3,179,996	3,203,806	3,198,550	3,313,956	3,545,367	3,300,026	3,856,575
Vocational Instruction	105,495	114,174	121,504	136,268	132,112	134,557	140,583	170,702	237,148	180,591
Exceptional Instruction	733,301	587,603	587,780	617,754	654,083	727,201	749,688	899,154	1,037,659	1,131,138
Instructional Support Services	74,849	110,378	104,357	108,374	122,202	108,200	139,640	116,128	330,080	175,689
Pupil Support Services	428,164	528,473	582,019	489,277	541,797	412,600	331,157	487,164	541,644	538,497
Site, Buildings, and Equipment	822,687	799,733	636,376	568,946	605,228	604,739	622,475	842,855	982,847	752,000
Fiscal and Other Fixed Cost Programs	20,631	22,546	24,224	24,536	24,968	27,652	30,999	33,668	38,949	40,372
TOTAL EXPENDITURES	**5,775,669**	**5,794,490**	**5,624,059**	**5,746,734**	**5,922,364**	**5,844,881**	**6,005,926**	**6,907,899**	**7,436,946**	**7,673,788**
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	**41,799**	**(193,856)**	**50,096**	**258,405**	**138,818**	**341,439**	**267,667**	**(200,899)**	**(519,398)**	**385,629**
FUND BALANCE BEGINNING OF YEAR	**1,342,631**	**1,385,930**	**1,192,074**	**1,244,410**	**1,502,815**	**1,729,989**	**2,071,428**	**2,339,095**	**2,285,854**	**1,931,850**
OTHER FINANCING SOURCES (USES)	**1,500**	**-**	**2,240**	**-**	**88,356**	**-**	**-**	**147,658**	**165,394**	**(67,553)**
FUND BALANCE END OF YEAR	**$ 1,385,930**	**$ 1,192,074**	**$ 1,244,410**	**$ 1,502,815**	**$ 1,729,989**	**$ 2,071,428**	**$ 2,339,095**	**$ 2,285,854**	**$ 1,931,850**	**$ 2,249,926**
ADJUSTED CASH BALANCES	**$ 1,408,267**	**$ 1,151,422**	**$ 1,361,418**	**$ 1,543,949**	**$ 1,544,916**	**$ 1,924,736**	**$ 2,301,606**	**$ 2,061,915**	**$ 2,188,039**	**$ 2,130,464**
EXPENDITURES - OBJECT										
Salaries and Wages	$ 3,090,548	$ 3,099,677	$ 3,159,923	$ 3,309,421	$ 3,352,056	$ 3,456,884	$ 3,591,600	$ 3,922,664	$ 4,050,381	$ 4,296,694
Employee Benefits	743,820	745,891	737,374	760,687	741,713	773,424	855,712	899,184	931,865	1,013,107
Purchased Services	968,119	967,956	1,058,874	994,795	1,053,008	1,035,191	953,435	1,409,917	1,495,760	1,464,442
Supplies and Materials	412,419	316,725	291,329	336,478	440,990	395,389	521,471	522,059	687,416	660,926
Other Expenditures	16,304	17,878	20,136	19,329	19,637	23,792	18,076	22,285	21,242	20,690
Capital Expenditures	544,459	646,363	356,423	326,024	314,960	160,201	65,632	131,790	250,282	217,929
TOTAL EXPENDITURES	**$ 5,775,669**	**$ 5,794,490**	**$ 5,624,059**	**$ 5,746,734**	**$ 5,922,364**	**$ 5,844,881**	**$ 6,005,926**	**$ 6,907,899**	**$ 7,436,946**	**$ 7,673,788**

INDEPENDENT SCHOOL DISTRICT NO. 414
MINNEOTA, MINNESOTA
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
COMMUNITY SERVICE FUND-DETAIL ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

		Community Education				Community Services			ECFE	
	Total	General Community Education	Fitness Center	After School Enrichment	Drivers Training	Non Public Aid	Pre School Screening	School Readiness	ECFE	Home-Visiting
REVENUES										
County Levy	$ 36,288	$ 14,957		$ 4,625					$ 16,435	$ 271
Interest	984	984		-					-	-
State Aid	40,998	757		-		$ 12,703	$ 4,114	$ 14,361	8,990	73
Fees and Charges	104,694	35,003		-		-	-	69,691	-	-
TOTAL REVENUES	**182,964**	**51,701**	**$ -**	**4,625**	**$ -**	**12,703**	**4,114**	**84,052**	**25,425**	**344**
EXPENDITURES										
Salaries	160,051	8,558	4,186	-	-	2,380	1,037	122,399	21,491	-
Benefits	26,493	1,160	622	-	-	465	167	20,508	3,571	-
Purchased Services	15,807	10,041	1,804	-	-	3,831	-	131	-	-
Materials and Supplies	26,654	16,506	330	-	-	5,422	29	3,782	585	-
Admin. Costs to Fund 01	605	-	-	-	-	605	-	-	-	-
TOTAL EXPENDITURES	**229,610**	**36,265**	**6,942**	**-**	**-**	**12,703**	**1,233**	**146,820**	**25,647**	**-**
EXCESS (DEFICIT)	**(46,646)**	**15,436**	**(6,942)**	**4,625**	**-**	**-**	**2,881**	**(62,768)**	**(222)**	**344**
OPERATING TRANSFERS IN	**67,553**	**-**	**-**	**-**	**-**	**-**	**-**	**53,890**	**13,663**	**-**
FUND BALANCE, BEGINNING	**32,270**	**42,032**	**(29,423)**	**14,222**	**1,101**	**(12)**	**7,472**	**8,878**	**(13,441)**	**1,441**
FUND BALANCE, ENDING	**$ 53,177**	**$ 57,468**	**$ (36,365)**	**$ 18,847**	**$ 1,101**	**$ (12)**	**$ 10,353**	**$ -**	**$ -**	**$ 1,785**

OTHER REQUIRED REPORTS

INTERNAL CONTROL OVER FINANCIAL REPORTING
PREVIOUSLY REPORTED ITEM NOT RESOLVED
2024-001 Audit Adjustments

Condition: During our audit, we proposed audit adjustments that resulted in significant changes to the District's financial statements. This finding was reported in the prior year audit as finding number 2023-001. The District's corrective action plan for the prior year audit filed with the Minnesota Department of Education stated that the District would strive to ensure that journal entries are entered and reviewed properly. We noted an attempt by District personnel to correct this deficiency during the current year; however, adjustments were still required.

Effect: A control deficiency exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions to prevent or detect misstatements of the financial statements on a timely basis. One control deficiency that typically is considered significant is identification by the auditor of a misstatement in the financial statement not initially identified by the entity's internal controls. This could affect the District's ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements.

Cause: This condition was caused by an oversight in coding entries and in reviewing year end account balances.

Criteria: The District's accounting staff should review journal entries throughout the year and activity subsequent to year end to ensure that correct accounts are affected.

Recommendation: We recommend that the District's accounting staff continue the process of reviewing journal entries posted to the general ledger.

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

PREVIOUSLY REPORTED ITEMS RESOLVED
Finding 2023-002: Coding of Disbursements

During our audit, we noted that the District did not follow the policies and procedures that were approved by the School Board as they relate to proper coding of disbursements according to the UFARS Manual.

Resolution

This finding is resolved. The District was noted as following the policies and procedures that were approved by the School Board as they relate to proper coding of disbursements according to the UFARS Manual.

INDEPENDENT SCHOOL DISTRICT NO. 414
MINNEOTA
MINNEOTA, MINNESOTA
SCHEDULE OF FINDINGS ON INTERNAL CONTROL STRUCTURE AND COMPLIANCE
CORRECTIVE ACTION PLAN
JUNE 30, 2024

2024-001 Audit Adjustments

Auditor Recommendation

We recommend that the District's accounting staff continue the process of reviewing journal entries posted to the general ledger.

Corrective Action Plan (CAP)

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

2. Action Planned in Response to Finding
   Tara Skorczewski (Business Manager) will spend additional time when coding entries to ensure their accuracy and will review balances and closing accounts more closely throughout the year to ensure end of year balances are accurate.

3. Official Responsible for Insuring CAP
   Scott Monson (Superintendent) is the official responsible for insuring corrective action for the deficiency.

4. Planned Completion Date for CAP
   This plan will be implemented for the 2024-2025 fiscal year.

5. Plan to Monitor Completion of CAP
   Scott Monson (Superintendent) and the School Board will be monitoring the corrective action plan.

www.hoffmanbrobst.com | 903 E. College Drive, PO Box 548, Marshall, MN 56258 | 507.532.5735

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

Members of the School Board
Independent School District No. 414
Minneota, 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 basic financial statements of the governmental activities and each major fund of Independent School District No. 414, Minneota, Minnesota, as of and for the year ended June 30, 2024, and the related notes to the basic financial statements, which collectively comprise Independent School District No. 414, Minneota, Minnesota's basic financial statements, and have issued our report thereon dated November 18, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered Independent School District No. 414, Minneota, Minnesota's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of Independent School District No. 414, Minneota, Minnesota's internal control. Accordingly, we do not express an opinion on the effectiveness of Independent School District No. 414, Minneota, Minnesota's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings on internal control structure and compliance as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Independent School District No. 414, Minneota, Minnesota's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the basic financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Minnesota Legal Compliance

In connection with our audit, nothing came to our attention that caused us to believe that Independent School District No. 414, Minneota, Minnesota failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards for Minnesota school districts (UFARS) sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

Independent School District No. 414, Minneota, Minnesota's Response to Finding

Government Auditing Standards require the auditor to perform limited procedures on Independent School District No. 414, Minneota, Minnesota's response to the finding identified in our audit and described in the accompanying schedule of findings on internal control structure and compliance corrective action plan. Independent School District No. 414, Minneota, Minnesota's response was not subjected to the other auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Hoffman + Brobst, PLLP

Hoffman & Brobst, PLLP
Certified Public Accountants
Marshall, Minnesota

November 18, 2024

HOFFMAN & BROBST PLLP
CERTIFIED PUBLIC ACCOUNTANTS

www.hoffmanbrobst.com | 903 E. College Drive, PO Box 548, Marshall, MN 56258 | 507.532.5735

MANAGEMENT LETTER

Members of the School Board
Independent School District No. 414
Minneota, Minnesota

In planning and performing our audit of the financial statements of the governmental activities and each major fund of the Independent School District No. 414, Minneota, Minnesota, for the year ended June 30, 2024, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on internal control.

However, during our audit we became aware of the following opportunity for strengthening internal controls and operating efficiency. We previously reported on the District's internal control and any related significant deficiencies and material weaknesses in our report dated November 18, 2024. This letter does not affect our report dated November 18, 2024, on the basic financial statements of the Independent School District No. 414, Minneota, Minnesota.

COMMENT AND SUGGESTION

- Due to the limited number of office personnel within Independent School District No. 414, Minneota, Minnesota, segregation of accounting functions necessary to ensure adequate internal accounting control is not always possible. The District has responded to this deficiency by implementing various oversight controls by the School Board and Management. These oversight controls help to mitigate the risk to the organization created by the lack of segregation of duties within the accounting function. However, the risks that are created by the lack of segregation of duties can never be completely eliminated. The School Board and Management should continue to be diligent in their review of financial transactions, and document these procedures by initialing invoices, and approving expenditure reports.

If you have any questions regarding this item, please contact us.

Hoffman + Brobst, PLLP

Hoffman & Brobst, PLLP
Certified Public Accountants
Marshall, Minnesota

November 18, 2024

Fiscal Compliance Report - 6/30/2024

District: MINNEOTA (414-1)

Help Logoff Back Print

	Audit	UFARS	Audit - UFARS
01 GENERAL FUND			
Total Revenue	$8,059,417	$8,059,418	($1)
Total Expenditures	$7,673,788	$7,673,789	($1)
Non Spendable:			
4.60 Non Spendable Fund Balance	$80,391	$80,391	$0
Restricted / Reserved:			
4.01 Student Activities	$27,828	$27,828	$0
4.02 Scholarships	$0	$0	$0
4.03 Staff Development	$0	$0	$0
4.07 Capital Projects Levy	($713)	($713)	$0
4.08 Cooperative Revenue	$0	$0	$0
4.12 Literacy Incentive Aid	$25,304	$25,304	$0
4.14 Operating Debt	$0	$0	$0
4.16 Levy Reduction	$0	$0	$0
4.17 Taconite Building Maint	$0	$0	$0
4.20 American Indian Education Aid	$0	$0	$0
4.24 Operating Capital	$273,635	$273,635	$0
4.26 $25 Taconite	$0	$0	$0
4.27 Disabled Accessibility	$0	$0	$0
4.28 Learning & Development	$0	$0	$0
4.34 Area Learning Center	$0	$0	$0
4.35 Contracted Alt. Programs	$0	$0	$0
4.36 State Approved Alt. Program	$0	$0	$0
4.38 Gifted & Talented	$0	$0	$0
4.39 English Learner	$0	$0	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.41 Basic Skills Programs	$0	$0	$0
4.43 School Library Aid	$1,605	$1,605	$0
4.48 Achievement and Integration	$0	$0	$0
4.49 Safe Schools Levy	$0	$0	$0
4.51 QZAB Payments	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
4.53 Unfunded Sev & Retiremt Levy	$0	$0	$0
4.59 Basic Skills Extended Time	$0	$0	$0
4.67 LTFM	$32,656	$32,656	$0
4.71 Student Support Personnel Aid	$28,337	$28,337	$0
4.72 Medical Assistance	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
4.75 Title VII Impact Aid	$0	$0	$0
4.76 Payments in Lieu of Taxes	$0	$0	$0
Committed:			
4.18 Committed for Separation	$0	$0	$0
4.61 Committed Fund Balance	$0	$0	$0
Assigned:			
4.62 Assigned Fund Balance	$497,847	$497,847	$0
Unassigned:			
4.22 Unassigned Fund Balance	$1,283,036	$1,283,036	$0
02 FOOD SERVICES			
Total Revenue	$492,945	$492,943	$2
Total Expenditures	$476,713	$476,712	$1
Non Spendable:			

	Audit	UFARS	Audit - UFARS
06 BUILDING CONSTRUCTION			
Total Revenue	$113,179	$113,178	$1
Total Expenditures	$97,325	$97,325	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.07 Capital Projects Levy	$0	$0	$0
4.13 Funded by COP/FP	$0	$0	$0
4.67 LTFM	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$2,642,317	$2,642,317	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0
07 DEBT SERVICE			
Total Revenue	$1,216,944	$1,216,944	$0
Total Expenditures	$1,173,900	$1,173,900	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.25 Bond Refundings	$0	$0	$0
4.33 Maximum Effort Loan Aid	$0	$0	$0
4.51 QZAB Payments	$0	$0	$0
4.67 LTFM	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$288,214	$288,214	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0
08 TRUST			
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Restricted / Reserved:			
4.01 Student Activities	$0	$0	$0
4.02 Scholarships	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0
18 CUSTODIAL			
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Restricted / Reserved:			
4.01 Student Activities	$0	$0	$0
4.02 Scholarships	$0	$0	$0
4.48 Achievement and Integration	$0	$0	$0
4.64 Restricted Fund Balance	$0	$0	$0
20 INTERNAL SERVICE			
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0
25 OPEB REVOCABLE TRUST			
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0

4.60 Non Spendable Fund Balance	$56,773	$56,773	$0
Restricted / Reserved:			
4.52 OPEB Liab Not In Trust	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$127,478	$127,478	$0
Unassigned:			
4.63 Unassigned Fund Balancee	$0	$0	$0

04 COMMUNITY SERVICE

Total Revenue	$182,964	$182,964	$0
Total Expenditures	$229,610	$229,610	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.26 $25 Taconite	$0	$0	$0
4.31 Community Education	$41,051	$41,051	$0
4.32 E.C.F.E	$1,785	$1,785	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.44 School Readiness	$0	$0	$0
4.47 Adult Basic Education	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$10,341	$10,341	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0

45 OPEB IRREVOCABLE TRUST

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

47 OPEB DEBT SERVICE

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