INDEPENDENT SCHOOL DISTRICT NO. 280
RICHFIELD, MINNESOTA

Financial Statements and
Supplementary Information

Year Ended
June 30, 2024

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INDEPENDENT SCHOOL DISTRICT NO. 280

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INTRODUCTORY SECTION

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INDEPENDENT SCHOOL DISTRICT NO. 280

School Board and Administration
Year Ended June 30, 2024

SCHOOL BOARD

	Position
Paula Cole	Chairperson
Eric Carter	Vice Chairperson
Kirk Spencer	Treasurer
Timothy Pollis	Clerk
Rachel Banks Kupcho	Director
Kenneth Liss	Director

ADMINISTRATION

Steven Unowsky	Superintendent
Latanya Daniels	Assistant Superintendent
Craig Holje	Chief Administrative Officer
Mary Clarkson	Executive Director of Special Programs
Jim Gilligan	Director of Finance
John Lorenzini	Finance Manager

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FINANCIAL SECTION

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MMKR
CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Independent School District No. 280
Richfield, Minnesota

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINIONS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 280 (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

BASIS FOR OPINIONS

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

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

(continued)

Malloy, Montague, Karnowski, Radosevich & Co., P.A.
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AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

REQUIRED SUPPLEMENTARY INFORMATION

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

(continued)

SUPPLEMENTARY INFORMATION

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information as described in the table of contents, and the Schedule of Expenditures of Federal Awards required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table is presented for purposes of additional analysis as required by the Minnesota Department of Education, and is also not a required part of the basic financial statements of the District. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, the Schedule of Expenditures of Federal Awards, and the UFARS Compliance Table are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER INFORMATION

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

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

PRIOR YEAR COMPARATIVE INFORMATION

We have previously audited the District's 2023 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated December 20, 2023. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

(continued)

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota
December 11, 2024

As management of Independent School District No. 280 (the District), we have provided readers of the District's financial statements with this narrative overview and analysis of the District's financial activities during the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the other components of the District's financial statements.

FINANCIAL HIGHLIGHTS

- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2024 by $8,086,295 (deficit net position).

- Government-wide revenues totaled $98,944,349 and expenses were $92,554,543. As a result, the District's total net position increased by $6,389,806 during the fiscal year.

- The District's General Fund, its primary operating fund, ended the most recent fiscal year with a total fund balance of $18,659,719, an increase of $1,130,082 from the prior year. The unrestricted portion of the year-end fund balance (assigned and unassigned) was $13,382,203, which represents 16.5 percent of annual General Fund expenditures based on fiscal 2024 expenditure levels. The unassigned fund balance was $8,123,103, which represents 10.0 percent of fiscal 2024 General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- Independent Auditor's Report;

- Management's discussion and analysis;

- Basic financial statements, including the government-wide financial statements, fund financial statements, and the notes to basic financial statements;

- Required supplementary information; and

- Supplementary information consisting of combining and individual fund statements and schedules.

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

- To assess the overall health of the District requires consideration of additional nonfinancial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

FUND FINANCIAL STATEMENTS

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

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

The District maintains the following types of funds:

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

Table 1
Summary of Net Position
as of June 30, 2024 and 2023

	2024	2023
Assets		
Current and other assets	$ 66,852,860	$ 59,416,702
Capital assets, net of depreciation or amortization	151,478,772	154,515,503
Total assets	$ 218,331,632	$ 213,932,205
Deferred outflows of resources		
Pension plan deferments	$ 12,389,486	$ 16,116,904
OPEB plan deferments	708,142	806,085
Deferred charges on refunding	179,008	247,202
Total deferred outflows of resources	$ 13,276,636	$ 17,170,191
Liabilities		
Current and other liabilities	$ 6,452,251	$ 6,155,213
Long-term liabilities, including due within one year	195,010,243	198,300,378
Total liabilities	$ 201,462,494	$ 204,455,591
Deferred inflows of resources		
Property taxes levied for subsequent year	$ 31,396,420	$ 27,107,197
Pension plan deferments	4,077,358	10,605,986
OPEB plan deferments	2,386,380	2,888,868
Lease revenue for subsequent years	296,965	317,429
Deferred gain on refunding	74,946	203,426
Total deferred inflows of resources	$ 38,232,069	$ 41,122,906
Net position		
Net investment in capital assets	$ 25,145,839	$ 27,946,240
Restricted	9,795,951	5,887,985
Unrestricted	(43,028,085)	(48,310,326)
Total net position	$ (8,086,295)	$ (14,476,101)

The District's financial position is the product of many factors. For example, the determination of the District's net investment in capital assets involves many assumptions and estimates, such as depreciation and amortization estimates and capitalization policies. Another major factor in determining net position is the inclusion of liabilities for long-term severance, other post-employment benefits (OPEB), and pension benefits, which are not included in fund balances.

Total net position increased by $6,389,806 in 2024. The decrease in net investment in capital assets is due mostly to the relationship between the rate at which the District's capital assets are being added, depreciated/amortized, and how that compared to the rate at which the District is repaying the debt issued to purchase or construct those assets. The overall increase in restricted net position resulted primarily from increases in resources restricted for capital asset acquisition and other state restrictions. Changes in the District's proportionate share of two state-wide pension plans administered by the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) contributed to the changes in deferred inflows/outflows of resources, long-term liabilities, and unrestricted net position.

Table 2 presents a condensed version of the change in net position of the District:

Table 2
Change in Net Position
for the Years Ended June 30, 2024 and 2023

	2024	2023
Revenues		
Program revenues		
Charges for services	$ 1,518,137	$ 1,653,765
Operating grants and contributions	25,450,890	21,852,343
General revenues		
Property taxes	28,573,351	27,741,858
General grants and aids	40,722,087	37,008,775
Other	2,679,884	1,946,734
Total revenues	98,944,349	90,203,475
Expenses		
Administration	3,038,597	2,165,458
District support services	3,296,305	2,270,807
Elementary and secondary regular instruction	30,519,272	23,558,563
Vocational education instruction	791,215	372,790
Special education instruction	14,859,387	11,033,536
Instructional support services	4,400,471	4,652,053
Pupil support services	11,044,254	9,865,440
Sites and buildings	13,591,067	13,399,199
Fiscal and other fixed cost programs	514,812	412,768
Food service	3,786,124	3,586,700
Community service	2,204,768	1,903,013
Interest and fiscal charges	4,508,271	4,645,124
Total expenses	92,554,543	77,865,451
Change in net position	6,389,806	12,338,024
Net position – beginning	(14,476,101)	(26,814,125)
Net position – ending	$ (8,086,295)	$ (14,476,101)

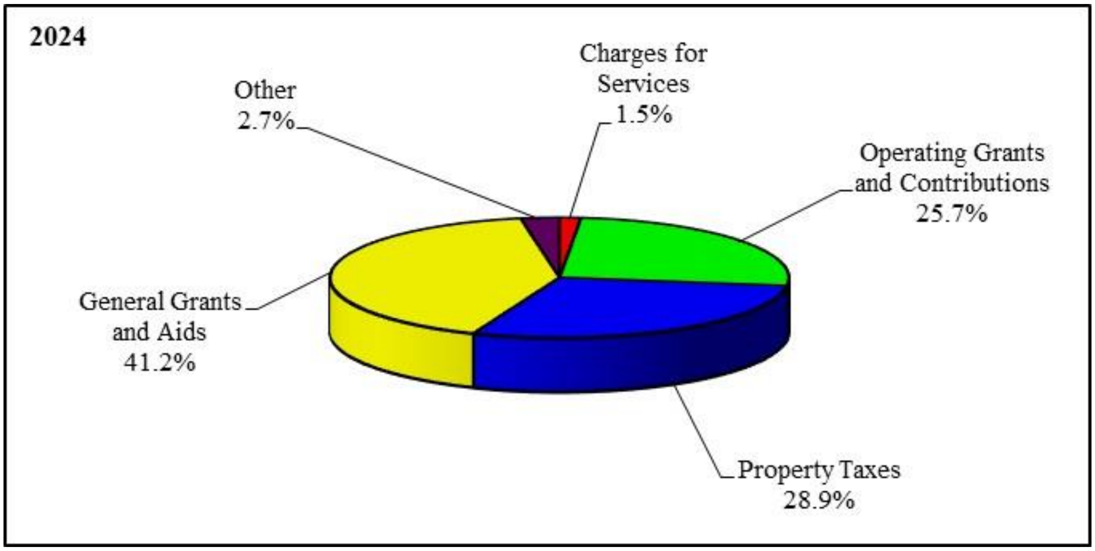
This table is presented on an accrual basis of accounting, and it includes all governmental activities of the District. This statement includes depreciation and amortization expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

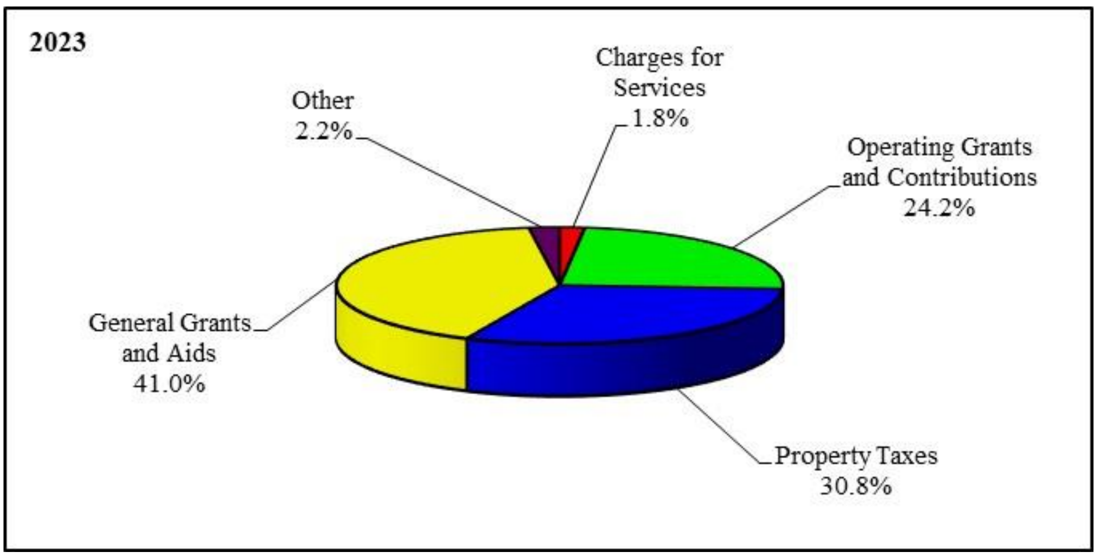
Government-wide revenues for fiscal year 2024 were $8,740,874 higher than last year. An increase in the property tax levy, more favorable investment returns, and increased state funding for general education, special education, and child nutrition contributed to the overall increase.

Government-wide expenses increased by $14,689,092 from the prior year. Increases in personnel and purchased service costs for instructional programs and support, along with changes in the pension expense reported by the District for its proportionate shares of the PERA and TRA state-wide pension plans, were the primary reasons for this increase.

Figures A and B show further analysis of these revenue sources and expense functions:

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



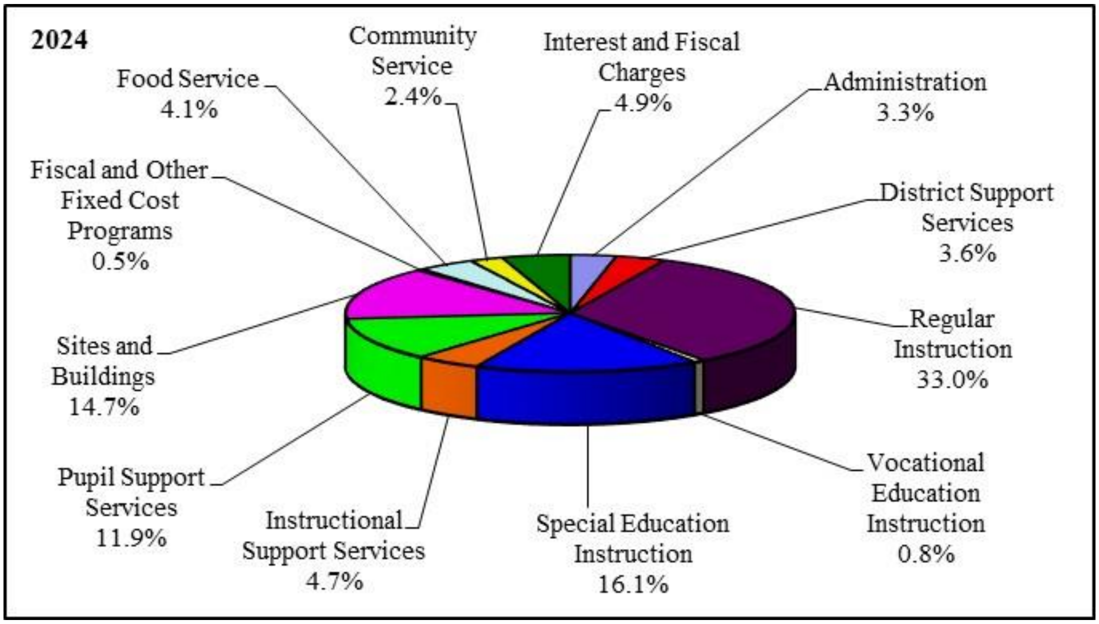


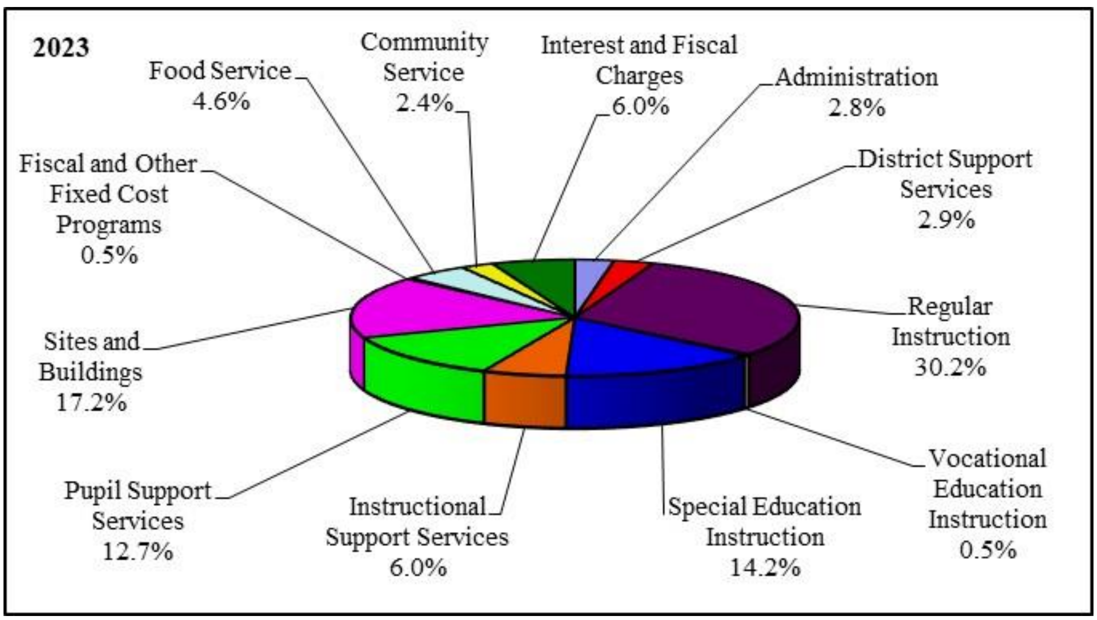
The largest share of the District's revenue is received from the state, including the general education aid formula and most of the operating grants. This significant reliance on the state for funding has placed pressure on local school districts, as a result of limited funding increases in recent years.

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

The District received a higher proportion of its revenue from operating grants and contributions, due to improved state special education and child nutrition funding. Improved interest rates and market conditions resulted in higher investment earnings, included in the "other" category in the graphs above.

Figure B – Expenses for Fiscal Years 2024 and 2023





The District's expenses are predominately related to educating students. Programs (or functions), such as elementary and secondary regular instruction, vocational education instruction, special education instruction, and instructional support services are directly related to classroom instruction, while the rest of the programs support instruction and other necessary costs to operate the District.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Table 3
Governmental Fund Balances
as of June 30, 2024 and 2023

	2024	2023	Change
Major funds			
General	$ 18,659,719	$ 17,529,637	$ 1,130,082
Capital Projects – Building Construction	4,161,110	3,227,953	933,157
Debt Service	2,164,246	2,039,132	125,114
Nonmajor funds			
Food Service Special Revenue	942,275	722,453	219,822
Community Service Special Revenue	357,624	292,920	64,704
Total governmental funds	$ 26,284,974	$ 23,812,095	$ 2,472,879

Total fund balances in the District's governmental funds increased $2,472,879 during fiscal year 2024.

The General Fund balance increased $1,130,082 in fiscal 2024. The District had planned for a fund balance reduction of $81,873 in its final budget. Higher than anticipated revenue from federal grants, and lower than projected salaries and benefits due to a challenging labor market, were the main reasons for this variance.

The Capital Projects – Building Construction Fund increased $933,157, which was comparable to the fund balance increase of $983,396 projected in the budget. The increase was due to the issuance of the 2024A General Obligation (G.O.) Capital Facilities Bonds with a par value of $2,335,000, for which a portion of the related capital project expenditures will be incurred in the future.

The Debt Service Fund increased $125,114, as scheduled debt service property tax levies and investment earnings exceeded current year debt service expenditures.

The (nonmajor) Food Service Special Revenue Fund experienced a fund balance increase of $219,822, as compared to a decrease of $124,269 anticipated in the budget. Food service revenue was $877,025 higher than the prior year. In fiscal 2024, the District operated under a state funded program to provide all students with free lunches, which was not available in the prior year. Food service expenditures were $210,080 higher than the previous year, due to increased costs for personnel and food costs.

The (nonmajor) Community Service Special Revenue Fund increased $64,704 in the current year, as compared to a decrease of $86,610 projected in the budget. Community service program revenues saw an increase of $225,358, mainly in program fees and tuition, due to increased participation. Expenditures increased by $165,839, mainly in purchased services.

Analysis of the General Fund

Table 4 summarizes the amendments to the General Fund budget:

Table 4
General Fund
Budget

	Original Budget	Final Budget	Change	Percent Change
Revenue	$ 80,158,060	$ 81,694,989	$ 1,536,929	1.9%
Expenditures	$ 79,998,285	$ 81,861,862	$ 1,863,577	2.3%
Other financing sources	$ 85,000	$ 85,000	$ –	–

The District was required to adopt an operating budget prior to the beginning of its fiscal year, referred to above as the original budget. It is the District's practice to amend the General Fund budget during the year for known significant changes in circumstances. The changes from the original budget to the final budget included changes to available grant awards, recalculations of state aids and anticipated costs using updated enrollment numbers, salary and benefit adjustments based on negotiated contract settlements, and improved investment earnings, due to improved market conditions.

Table 5 summarizes the operating results of the General Fund:

Table 5
General Fund
Operating Results

		Over (Under) Final Budget		Over (Under) Prior Year	
	2024 Actual	Amount	Percent	Amount	Percent
Revenue	$ 81,922,698	$ 227,709	0.3%	$ 6,960,273	9.3%
Expenditures	80,876,822	$ (985,040)	(1.2%)	$ 3,226,569	4.2%
Other financing sources	84,206	$ (794)	(0.9%)	$ (793,674)	(90.4%)
Net change in fund balances	$ 1,130,082				

Increases in the property tax levy, state general education and special education funding, E-rate reimbursements, and investment earnings contributed to the overall increase in General Fund revenue, compared to the prior year. Total revenue was close to budget, as negative variances in state revenue and investment earnings were offset by higher than projected revenues from federal grants and other income.

The increase in expenditures from the prior year was mainly in personnel costs (up $2,786,481) and purchased services (up $1,913,172). The variance to budget was mainly salaries and benefits due to unfilled positions, partially offset by higher than anticipated purchased services.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

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

Table 6
Capital Assets

	2024	2023	Change
Land	$ 349,265	$ 349,265	$ –
Construction in process	1,605,411	533,445	1,071,966
Land improvements	6,197,994	6,607,884	(409,890)
Buildings	215,488,697	214,820,229	668,468
Buildings – leased	2,754,091	2,754,091	–
Equipment	12,662,300	11,531,232	1,131,068
Less accumulated depreciation/amortization	(87,578,986)	(82,080,643)	(5,498,343)
Total	$ 151,478,772	$ 154,515,503	$ (3,036,731)
Depreciation/amortization expense	$ 7,057,825	$ 6,916,436	$ 141,389

The increase in construction in progress reflects ongoing multi-year improvement projects financed with bonds issued in the current year. The land improvement deduction reflects the disposal of a synthetic turf field. The increase in equipment is due to the District acquiring additional assets to support its operations.

Long-Term Liabilities

Table 7 shows the components of the District's long-term liabilities and the change from the prior year:

Table 7
Outstanding Long-Term Liabilities

	2024	2023	Change
General obligation bonds	$ 128,130,000	$ 130,840,000	$ (2,710,000)
Premiums	3,159,694	3,327,821	(168,127)
Financed purchases payable	154,443	340,150	(185,707)
Lease liabilities	2,043,983	2,332,450	(288,467)
Net/total pension liabilities	51,891,001	52,540,739	(649,738)
Net OPEB liability	6,842,047	6,799,668	42,379
Compensated absences	362,509	120,639	241,870
Severance benefits	2,426,566	1,998,911	427,655
Total	$ 195,010,243	$ 198,300,378	$ (3,290,135)

The decreases in G.O. bonds, financed purchases payable, and lease liabilities as shown in Table 7 are due to scheduled principal payments, partially offset by the issuance of the 2024A G.O. Capital Facilities Bonds in the current year.

The differences in the net/total pension liabilities mainly reflects the change in the District's proportionate share of the state-wide pension obligations for the PERA and the TRA. The change in the net OPEB liability reflects the change in the District's estimated liability for post-employment retiree insurance benefits.

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

Table 8
Limitations on Debt

District's market value	$ 6,864,381,625
Limit rate	15.0%
Legal debt limit	$ 1,029,657,244

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

In November 2023, voters approved authorization to increase the excess operating referendum, revoking the previous authority of $1,114.60, and replacing it with the state approved maximum level $2,202.89 plus inflationary increases. With the additional funding, the District targeted maintaining low class sizes, personalizing learning, supporting students who struggle, and stabilizing educational programing. This voter-approved referendum will remain until fiscal year 2034 and is eligible for a 10-year renewal at the discretion of the School Board.

In November 2023, the community also approved a renewal and increase to the capital projects referendum that provides the District with revenue over the following 10 years for technology and curriculum purchases. The District routinely upgrades its technology infrastructure to provide for a robust Wi-Fi system. The District also provides increased access by students to technology devices and has adopted significant improvements to technology software and systems for curriculum, instruction, and operations. This funding is based on the net tax capacity of the District, which has been increasing over the past few years, as a result of the expiration of existing tax increment financing districts, as well as increased redevelopment within the community. This referendum is anticipated to provide over $4.7 million in fiscal year 2025, and is anticipated to continue to increase incrementally throughout its term. The current capital projects referendum authority will remain until fiscal year 2034.

Construction funded by a 2017 voter-approved bond issue for $84,615,000, along with $31,545,000 in School Board-authorized bond projects for indoor air quality improvements has been completed. In the Spring of 2024, the District issued an additional $2,335,000 in bonds authorized by the 2017 referendum to complete additional projects identified by the District during the construction and remodeling project.

In August 2016, the District was one of 74 districts in the state to receive funding for a Voluntary Pre-Kindergarten Program. This funding allowed the District to offer 4-year-old students the opportunity to participate in Preschool Programming. Funding for these students is provided as part of the general education student formula allocation.

In October 2022, S&P Global Ratings (S&P) raised its underlying rating of the District to AA- from A+ with a stable outlook. This was the second rating increase by S&P for the District within six years. With the raised rating, S&P noted the upgrade reflects the District's improved reserve position to a level it considers very strong, noting the voter-approved operating levy, good financial management practices and policies, cost containment measures, along with pandemic-related transportation and staffing savings. S&P also commented on the District's positive operating results and good management practices. In February 2024, S&P affirmed this rating and stable outlook citing the strong local economy, very strong reserves, positive operating results, careful budgeting, voter support for levy increases, good financial policies and practices associated with regular reporting, long-term planning and compliance with a formal reserve policy, and a moderate debt burden.

The District has continued its efforts to develop and implement a more transparent budgeting system, which is aligned with the District's new Strategic Plan and priorities. The District continues to expand its enrichment opportunities for all students and is enhancing its gifted and talented programs, as well as dual-credit programs, which provide opportunities for students to receive college credits while attending Richfield High School. In total, 256 students participated in College in the Schools programming, earning 1,958 credits from the University of Minnesota, worth more than $1.2 million in 2023–2024. The District maintains School Board-approved gender inclusion and equity policies, while focusing on equity-based programming. Furthermore, the District has increased its solar installations with a goal of 20 percent of electricity coming from solar energy and has developed a formal environmental sustainability policy.

The District consists mostly of residential and commercial/industrial properties with redevelopment of new multifamily and multipurpose units in Richfield. While the long-term net financial impact of this redevelopment is anticipated to be positive, the transitional timeline around this is anticipated to have a mixed impact on district enrollment and resources, which the administration is actively reviewing and accounting for in planning activities. Most recently, in the 2023–2024 school year, a residential development in the Fort Snelling area was completed, having a positive net impact on student enrollment during that school year, which is projected to remain.

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

These financial statements are designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about these statements, or need additional financial information, contact the Business Office, Independent School District No. 280, 401 70th Street West, Richfield, Minnesota 55423.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 280

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

	Governmental Activities	
	2024	2023
Assets		
Cash and temporary investments	$ 40,944,203	$ 35,052,026
Receivables		
Current taxes	16,497,136	14,260,510
Delinquent taxes	251,493	232,159
Accounts and interest	269,617	240,137
Due from fiduciary fund	476,577	484,271
Due from other governmental units	7,548,613	8,715,320
Leases	296,965	317,429
Inventory	48,623	64,962
Prepaid items	519,633	49,888
Capital assets		
Not depreciated or amortized	1,954,676	882,710
Depreciated or amortized, net	149,524,096	153,632,793
Total capital assets, net	151,478,772	154,515,503
Total assets	218,331,632	213,932,205
Deferred outflows of resources		
Pension plan deferments	12,389,486	16,116,904
OPEB plan deferments	708,142	806,085
Deferred charges on refunding	179,008	247,202
Total deferred outflows of resources	13,276,636	17,170,191
Total assets and deferred outflows of resources	$ 231,608,268	$ 231,102,396
Liabilities		
Salaries payable	$ 821,841	$ 1,138,177
Accounts and contracts payable	1,509,386	618,376
Accrued interest payable	2,022,007	2,097,232
Due to other governmental units	344,301	668,055
Unearned revenue	1,191,266	1,132,746
Claims incurred, but not reported	563,450	500,627
Long-term liabilities		
Due within one year	6,118,093	5,973,139
Due in more than one year	188,892,150	192,327,239
Total long-term liabilities	195,010,243	198,300,378
Total liabilities	201,462,494	204,455,591
Deferred inflows of resources		
Property taxes levied for subsequent year	31,396,420	27,107,197
Pension plan deferments	4,077,358	10,605,986
OPEB plan deferments	2,386,380	2,888,868
Lease revenue for subsequent years	296,965	317,429
Deferred gain on refunding	74,946	203,426
Total deferred inflows of resources	38,232,069	41,122,906
Net position		
Net investment in capital assets	25,145,839	27,946,240
Restricted for		
Capital asset acquisition	5,738,533	3,095,930
Debt service	205,956	45,535
Food service	942,275	722,453
Community service	488,429	429,286
Other state restrictions	2,420,758	1,594,781
Unrestricted	(43,028,085)	(48,310,326)
Total net position	(8,086,295)	(14,476,101)
Total liabilities, deferred inflows of resources, and net position	$ 231,608,268	$ 231,102,396

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 280

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

Functions/Programs	2024 Expenses	2024 Program Revenues: Charges for Services	2024 Program Revenues: Operating Grants and Contributions	2024 Net (Expense) Revenue and Changes in Net Position: Governmental Activities	2023 Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities					
Administration	$ 3,038,597	$ 405,519	$ 35,714	$ (2,597,364)	$ (1,900,140)
District support services	3,296,305	–	–	(3,296,305)	(2,270,807)
Elementary and secondary regular instruction	30,519,272	138,948	5,518,608	(24,861,716)	(15,614,420)
Vocational education instruction	791,215	–	5,372	(785,843)	(358,486)
Special education instruction	14,859,387	217,670	13,744,731	(896,986)	(980,819)
Instructional support services	4,400,471	–	858,772	(3,541,699)	(4,546,032)
Pupil support services	11,044,254	32,350	662,619	(10,349,285)	(9,131,093)
Sites and buildings	13,591,067	–	–	(13,591,067)	(13,399,199)
Fiscal and other fixed cost programs	514,812	–	–	(514,812)	(412,768)
Food service	3,786,124	140,326	3,779,544	133,746	(549,361)
Community service	2,204,768	583,324	845,530	(775,914)	(551,094)
Interest and fiscal charges	4,508,271	–	–	(4,508,271)	(4,645,124)
Total governmental activities	$ 92,554,543	$ 1,518,137	$ 25,450,890	(65,585,516)	(54,359,343)
General revenues					
Taxes					
Property taxes, levied for general purposes				18,180,844	17,908,075
Property taxes, levied for community service				496,686	485,580
Property taxes, levied for debt service				9,895,821	9,348,203
General grants and aids				40,722,087	37,008,775
Other general revenues				983,359	809,253
Investment earnings				1,696,525	1,137,481
Total general revenues				71,975,322	66,697,367
Change in net position				6,389,806	12,338,024
Net position – beginning				(14,476,101)	(26,814,125)
Net position – ending				$ (8,086,295)	$ (14,476,101)

INDEPENDENT SCHOOL DISTRICT NO. 280

Balance Sheet
Governmental Funds
as of June 30, 2024
(With Partial Comparative Information as of June 30, 2023)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Assets			
Cash and temporary investments	$ 20,561,776	$ 5,913,335	$ 7,039,855
Receivables			
Current taxes	11,354,485	–	4,898,636
Delinquent taxes	158,963	–	88,112
Accounts and interest	207,931	11,270	–
Due from other governmental units	7,431,312	–	–
Due from fiduciary fund	476,577	–	–
Due from other funds	1,694,055	–	–
Leases	296,965	–	–
Inventory	17,118	–	–
Prepaid items	518,193	–	–
Total assets	$ 42,717,375	$ 5,924,605	$ 12,026,603
Liabilities			
Salaries payable	$ 785,120	$ –	$ –
Accounts and contracts payable	1,414,703	69,440	–
Due to other governmental units	336,391	–	–
Due to other funds	–	1,694,055	–
Unearned revenue	33	–	–
Total liabilities	2,536,247	1,763,495	–
Deferred inflows of resources			
Lease revenue for subsequent years	296,965	–	–
Property taxes levied for subsequent year	21,109,681	–	9,798,640
Unavailable revenue – delinquent taxes	114,763	–	63,717
Total deferred inflows of resources	21,521,409	–	9,862,357
Fund balances (deficit)			
Nonspendable	535,311	–	–
Restricted	4,742,205	4,161,110	2,164,246
Assigned	5,259,100	–	–
Unassigned	8,123,103	–	–
Total fund balances	18,659,719	4,161,110	2,164,246
Total liabilities, deferred inflows of resources, and fund balances	$ 42,717,375	$ 5,924,605	$ 12,026,603

	Total Governmental Funds	
Nonmajor Funds	2024	2023
$ 1,505,103	$ 35,020,069	$ 29,687,582
244,015	16,497,136	14,260,510
4,418	251,493	232,159
41,722	260,923	230,808
117,301	7,548,613	8,715,320
–	476,577	484,271
–	1,694,055	–
–	296,965	317,429
31,505	48,623	64,962
1,440	519,633	42,829
$ 1,945,504	$ 62,614,087	$ 54,035,870
$ 36,721	$ 821,841	$ 1,138,177
25,243	1,509,386	618,376
7,910	344,301	668,055
–	1,694,055	–
84,441	84,474	73,941
154,315	4,454,057	2,498,549
–	296,965	317,429
488,099	31,396,420	27,107,197
3,191	181,671	300,600
491,290	31,875,056	27,725,226
32,945	568,256	107,791
1,394,568	12,462,129	10,018,178
–	5,259,100	5,375,308
(127,614)	7,995,489	8,310,818
1,299,899	26,284,974	23,812,095
$ 1,945,504	$ 62,614,087	$ 54,035,870

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INDEPENDENT SCHOOL DISTRICT NO. 280

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

	2024	2023
Total fund balances – governmental funds	$ 26,284,974	$ 23,812,095
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	239,057,758	236,596,146
Accumulated depreciation/amortization	(87,578,986)	(82,080,643)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt issuance premiums and discounts are excluded from net position until amortized, but are included in fund balances upon issuance.		
General obligation bonds	(128,130,000)	(130,840,000)
Unamortized premium	(3,159,694)	(3,327,821)
Finance purchases payable	(154,443)	(340,150)
Lease liabilities	(2,043,983)	(2,332,450)
Net/total pension liabilities	(51,891,001)	(52,540,739)
Net OPEB liability	(6,842,047)	(6,799,668)
Compensated absences	(362,509)	(120,639)
Severance benefits	(2,426,566)	(1,998,911)
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.	(2,022,007)	(2,097,232)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.	4,262,586	3,821,400
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	12,389,486	16,116,904
Deferred outflows of resources – OPEB plan deferments	708,142	806,085
Deferred outflows of resources – deferred charges on refunding	179,008	247,202
Deferred inflows of resources – pension plan deferments	(4,077,358)	(10,605,986)
Deferred inflows of resources – OPEB plan deferments	(2,386,380)	(2,888,868)
Deferred inflows of resources – unavailable revenue – delinquent taxes	181,671	300,600
Deferred inflows of resources – deferred gain on refunding	(74,946)	(203,426)
Total net position – governmental activities	$ (8,086,295)	$ (14,476,101)

INDEPENDENT SCHOOL DISTRICT NO. 280

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

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Revenue			
Local sources			
Property taxes	$ 18,257,791	$ –	$ 9,935,739
Investment earnings	1,000,021	189,133	163,922
Other	1,941,781	–	–
State sources	55,361,384	–	–
Federal sources	5,361,721	–	–
Total revenue	81,922,698	189,133	10,099,661
Expenditures			
Current			
Administration	2,973,074	–	–
District support services	3,265,363	–	–
Elementary and secondary regular instruction	32,461,209	–	–
Vocational education instruction	839,649	–	–
Special education instruction	15,720,800	–	–
Instructional support services	5,557,739	–	–
Pupil support services	11,217,812	–	–
Sites and buildings	7,726,494	–	–
Fiscal and other fixed cost programs	514,812	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	–	1,834,310	–
Debt service			
Principal	474,174	–	5,045,000
Interest and fiscal charges	125,696	–	4,929,547
Total expenditures	80,876,822	1,834,310	9,974,547
Excess (deficiency) of revenue over expenditures	1,045,876	(1,645,177)	125,114
Other financing sources			
Lease issued	–	–	–
Insurance recovery	49,190	–	–
Sale of capital assets	35,016	–	–
Bonds issued	–	2,335,000	–
Premium on bond issuance	–	243,334	–
Total other financing sources	84,206	2,578,334	–
Net change in fund balances	1,130,082	933,157	125,114
Fund balances			
Beginning of year	17,529,637	3,227,953	2,039,132
End of year	$ 18,659,719	$ 4,161,110	$ 2,164,246

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds 2024	Total Governmental Funds 2023
$ 498,750	$ 28,692,280	$ 27,656,555
49,191	1,402,267	988,170
1,098,540	3,040,321	2,230,309
2,012,200	57,373,584	48,247,603
2,613,625	7,975,346	10,550,297
6,272,306	98,483,798	89,672,934
–	2,973,074	2,680,379
–	3,265,363	3,097,622
–	32,461,209	31,763,787
–	839,649	599,877
–	15,720,800	13,937,698
–	5,557,739	5,115,499
–	11,217,812	11,080,061
–	7,726,494	8,376,766
–	514,812	412,768
3,700,961	3,700,961	3,363,700
2,219,248	2,219,248	2,088,503
67,571	1,901,881	296,192
–	5,519,174	4,769,286
–	5,055,243	5,098,893
5,987,780	98,673,459	92,681,031
284,526	(189,661)	(3,008,097)
–	–	823,971
–	49,190	24,731
–	35,016	29,180
–	2,335,000	2,185,000
–	243,334	123,396
–	2,662,540	3,186,278
284,526	2,472,879	178,181
1,015,373	23,812,095	23,633,914
$ 1,299,899	$ 26,284,974	$ 23,812,095

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INDEPENDENT SCHOOL DISTRICT NO. 280

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

	2024	2023
Total net change in fund balances – governmental funds	$ 2,472,879	$ 178,181
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation/amortization expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	4,063,965	3,178,842
Depreciation/amortization expense	(7,057,825)	(6,916,436)
Net book value of capital asset deletions	(42,871)	–
The amount of debt issued is reported in the governmental funds as a source of financing, but constitutes a long-term liability in the governmental activities.		
General obligation bonds	(2,335,000)	(2,185,000)
Lease liabilities	–	(823,971)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances. Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance.		
General obligation bonds	5,045,000	4,325,000
Unamortized premium	168,127	276,128
Financed purchases payable	185,707	171,588
Lease liabilities	288,467	272,698
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Net/total pension liabilities	649,738	(24,321,232)
Net OPEB liability	(42,379)	(163,981)
Compensated absences	(241,870)	160,518
Severance benefits	(427,655)	282,515
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.	75,225	(6,041)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the Internal Service Fund is included in the governmental activities on the Statement of Activities.	441,186	272,680
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	(3,727,418)	203,740
Deferred outflows of resources – OPEB plan deferments	(97,943)	(136,922)
Deferred outflows of resources – deferred charges on refunding	(68,194)	(68,194)
Deferred inflows of resources – pension plan deferments	6,528,628	35,787,390
Deferred inflows of resources – OPEB plan deferments	502,488	1,636,738
Deferred inflows of resources – unavailable revenue – delinquent taxes	(118,929)	85,303
Deferred inflows of resources – deferred gain on refunding	128,480	128,480
Change in net position – governmental activities	$ 6,389,806	$12,338,024

See notes to basic financial statements

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INDEPENDENT SCHOOL DISTRICT NO. 280

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

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
Revenue				
Local sources				
Property taxes	$ 18,352,115	$ 18,352,115	$ 18,257,791	$ (94,324)
Investment earnings	502,575	1,309,550	1,000,021	(309,529)
Other	1,461,114	1,693,095	1,941,781	248,686
State sources	53,574,444	55,809,614	55,361,384	(448,230)
Federal sources	6,267,812	4,530,615	5,361,721	831,106
Total revenue	80,158,060	81,694,989	81,922,698	227,709
Expenditures				
Current				
Administration	2,777,574	3,340,947	2,973,074	(367,873)
District support services	3,068,071	3,091,823	3,265,363	173,540
Elementary and secondary regular instruction	33,240,900	33,398,504	32,461,209	(937,295)
Vocational education instruction	560,073	657,576	839,649	182,073
Special education instruction	15,059,950	15,525,350	15,720,800	195,450
Instructional support services	5,747,745	5,310,347	5,557,739	247,392
Pupil support services	10,698,261	10,846,548	11,217,812	371,264
Sites and buildings	8,007,064	8,134,050	7,726,494	(407,556)
Fiscal and other fixed cost programs	447,158	498,506	514,812	16,306
Debt service				
Principal	286,172	917,894	474,174	(443,720)
Interest and fiscal charges	105,317	140,317	125,696	(14,621)
Total expenditures	79,998,285	81,861,862	80,876,822	(985,040)
Excess (deficiency) of revenue over expenditures	159,775	(166,873)	1,045,876	1,212,749
Other financing sources				
Insurance recovery	75,000	50,000	49,190	(810)
Sale of capital assets	10,000	35,000	35,016	16
Total other financing sources	85,000	85,000	84,206	(794)
Net change in fund balances	$ 244,775	$ (81,873)	1,130,082	$ 1,211,955
Fund balances				
Beginning of year			17,529,637	
End of year			$ 18,659,719	

INDEPENDENT SCHOOL DISTRICT NO. 280

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

	Internal Service Funds	
	2024	2023
Assets		
Current assets		
Cash and temporary investments	$ 5,924,134	$ 5,364,444
Receivables		
Accounts	8,694	9,329
Prepaid items	–	7,059
Total current assets	5,932,828	5,380,832
Liabilities		
Current liabilities		
Claims payable	563,450	500,627
Unearned revenue	1,106,792	1,058,805
Total current liabilities	1,670,242	1,559,432
Net position		
Unrestricted	$ 4,262,586	$ 3,821,400

INDEPENDENT SCHOOL DISTRICT NO. 280

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

	Internal Service Funds	
	2024	2023
Operating revenue		
Contributions from governmental funds	$ 8,431,706	$ 8,019,672
Operating expenses		
Medical benefit claims	7,742,515	7,388,780
Dental benefit claims	542,263	507,523
Total operating expenses	8,284,778	7,896,303
Operating income	146,928	123,369
Nonoperating revenue		
Investment earnings	294,258	149,311
Change in net position	441,186	272,680
Net position		
Beginning of year	3,821,400	3,548,720
End of year	$ 4,262,586	$ 3,821,400

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INDEPENDENT SCHOOL DISTRICT NO. 280

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

	Internal Service Funds	
	2024	2023
Cash flows from operating activities		
Contributions from governmental funds	$ 8,487,387	$ 8,130,456
Payments for medical claims	(7,674,801)	(7,610,190)
Payments for dental claims	(547,154)	(507,560)
Net cash flows from operating activities	265,432	12,706
Cash flows from investing activities		
Investment income received	294,258	149,311
Net change in cash and cash equivalents	559,690	162,017
Cash and cash equivalents		
Beginning of year	5,364,444	5,202,427
End of year	$ 5,924,134	$ 5,364,444
Reconciliation of operating income to net cash flows from operating activities		
Operating income	$ 146,928	$ 123,369
Adjustments to reconcile operating income to cash provided by operating activities		
Changes in assets and liabilities		
Accounts receivable	635	1,570
Prepaid items	7,059	1,508
Claims payable	62,823	(221,447)
Unearned revenue	47,987	107,706
Net cash flows from operating activities	$ 265,432	$ 12,706

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 280

Statement of Fiduciary Net Position
Fiduciary Funds
as of June 30, 2024

	Custodial Fund	Post-Employment Benefits Trust Fund
Assets		
Deposits	$ 67,429	$ 1,310,050
Investments held by trustee, at fair value		
State and local obligations	–	498,012
Money market mutual fund	–	438,498
U.S. agency securities	–	283,536
U.S. treasuries	–	5,005,740
Accounts and interest receivable	–	118,351
Total assets	67,429	7,654,187
Liabilities		
Due to district	–	476,577
Net position		
Restricted for OPEB and scholarships	$ 67,429	$ 7,177,610

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

	Custodial Fund	Post-Employment Benefits Trust Fund
Additions		
Contributions		
Private donations	$ 28,039	$ –
Investment earnings	2,531	364,779
Total additions	30,570	364,779
Deductions		
Benefits	–	476,577
Scholarships	9,075	–
Total deductions	9,075	476,577
Change in net position	21,495	(111,798)
Net position		
Beginning of year	45,934	7,289,408
End of year	$ 67,429	$ 7,177,610

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 280 (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District is governed by a six-member School Board elected by the voters of the District. The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

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

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

C. Government-Wide Financial Statement Presentation

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment 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 internally directed revenues are reported instead as general revenues.

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

Depreciation and amortization are included as direct expenses in the functional areas that utilize the related capital assets. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

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

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

1. **Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District generally considers revenues to be available if they are collected within 60 days after year-end. Grants and similar revenues are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to Minnesota Statutes. Proceeds of long-term debt are reported as other financing sources.

2. **Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and other long-term liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

Internal service funds are presented in the proprietary fund financial statements. Internal service funds account for the financing of goods or services provided by one department to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. Because the principal users of the internal services are the District’s governmental activities, the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Funds

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

Major Governmental Funds

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects – Building Construction Fund – The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities authorized by bond issue or the long-term facilities maintenance program.

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

Nonmajor Governmental Funds

Food Service Special Revenue Fund – The Food Service Special Revenue Fund is primarily used to account for the District's child nutrition program.

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

Proprietary Funds

Internal Service Funds – The District has established internal service funds to account for medical and dental benefits provided to employees as self-insured plans.

Fiduciary Funds

Custodial Fund – The Custodial Fund is used to account for scholarship activity administered by outside parties.

Post-Employment Benefits Trust Fund – The Post-Employment Benefits Trust Fund is used to administer assets held in an irrevocable trust to fund other post-employment benefits (OPEB) for eligible employees.

E. Budgetary Information

The School Board adopts an annual budget for all governmental funds on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. Budgeted appropriations lapse at year-end. Actual expenditures for the 2024 fiscal year exceeded budgeted appropriations by $174,826 in the Food Service Special Revenue Fund, by $11,175 in the Community Service Special Revenue Fund, and by $334,310 in the Capital Projects – Building Construction Fund. These variances were financed by revenues or other financing sources in excess of budget, or available fund balances.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Temporary Investments

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

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

For purposes of the Statement of Cash Flows, all highly liquid debt instruments with an original maturity from the time of purchase of three months or less are considered to be cash equivalents. The proprietary fund's equity in the government-wide cash and investments pool is considered to be cash equivalent.

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

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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

G. Receivables

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

H. Inventory

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 basis. Surplus commodities are stated at standardized costs, as determined by the U.S. Department of Agriculture.

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are recorded as expenditures/expenses when consumed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Property Taxes

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

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes $1,600,715 of the property tax levy collectible in 2024 as revenue to the District in fiscal year 2023–2024. The remaining portion of the taxes collectible in 2024 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

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

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

K. Capital Assets

Capital assets are capitalized at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated acquisition value at the date of donation. Lease capital assets are recorded based on the measurement of payments applicable to the lease term. Generally, the District defines capital assets as those with an initial, individual cost of $5,000 or more, which benefit more than one fiscal year. Groups of similar assets acquired at or near the same time for a single objective, with individual costs below this threshold, are also capitalized if the aggregate cost of the assets is considered significant. 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. The District does not possess any material amounts of infrastructure capital assets, such as sidewalks or parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

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

L. Interfund Balances

At June 30, 2024, the General Fund had a receivable of $476,577 due from the Post-Employment Benefits Trust Fund to reimburse OPEB costs paid from the General Fund. The General Fund also had a receivable of $1,694,055 due from the Capital Projects – Building Construction Fund to reimburse project costs paid from the General Fund in advance of bonds issuance.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund balances reported in the fund financial statements are eliminated to the extent possible in the government-wide financial statements. However, balances due between the governmental funds and fiduciary funds are not eliminated.

M. Long-Term Obligations

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

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

N. Compensated Absences

Eligible employees accrue vacation and sick leave at varying rates as specified by contract, portions of which may be carried over to future years. Employees are reimbursed for any unused accrued vacation upon termination. Unused sick leave enters into the calculation of severance benefits for some employees upon termination. Compensated absences are accrued in the governmental fund financial statements only to the extent they have been used or otherwise matured prior to year-end. Unused vacation is accrued as it is earned in the government-wide financial statements.

O. Severance Benefits

The District provides lump sum severance benefits to eligible employees in accordance with provisions of certain collectively bargained contracts, calculated by converting a portion of an eligible employee's unused accumulated sick leave. Eligibility for these benefits is based on years of service and/or minimum age requirements. No individual can receive severance benefits that exceed one year's salary.

Severance pay based on convertible sick leave is recorded as a liability in the government-wide financial statements as it is earned and it becomes probable that it will vest at some point in the future. Severance pay is accrued in the governmental fund financial statements as the liability matures prior to year-end.

P. State-Wide Pension Plans

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Other Post-Employment Benefits (OPEB) Plan

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

R. Deferred Outflows/Inflows of Resources

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

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

The District reports deferred inflows of resources related to lease receivables, which requires lessors to recognize deferred inflows of resources to correspond to lease receivables in both the government-wide Statement of Net Position and the governmental funds Balance Sheet. These amounts are deferred and amortized in a systematic and rationale manner over the term of the lease.

The District reports deferred outflows and inflows of resources related to deferred charges or gains on debt refundings in the government-wide statement of net position. Deferred charges or gains on refundings results from the difference in the carrying value of refunded debt and its reacquisition price. These amounts are deferred and amortized over the shorter of the remaining life of the refunded debt or the refunding debt.

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

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

S. 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 amounts reported in the financial statements during the reporting period. Actual results could differ from those estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Risk Management

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

2. **Self-Insurance** – The District has established internal service funds to account for and finance its uninsured risk of loss for its employee medical and dental insurance plans. Under these plans, the internal service funds provide coverage to participating employees and their dependents for various healthcare and dental costs as described in the plans. The District makes premium payments to the internal service funds on behalf of program participants based on provisional rates determined by insurance company estimates of monthly claims paid for each coverage class, plus the stop-loss health and dental insurance premium costs and administrative service charges.

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

   Changes in the balance for health insurance claim liabilites for the last two years were as follows:

Fiscal Year Ended June 30,	Claims Payable Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claims Payable End of Year
2023	$ 708,949	$ 7,388,780	$ 7,610,190	$ 487,539
2024	$ 487,539	$ 7,742,515	$ 7,674,801	$ 555,253

   Changes in the balance for dental insurance claim liabilites for the last two years were as follows:

Fiscal Year Ended June 30,	Claims Payable Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claims Payable End of Year
2023	$ 13,125	$ 507,523	$ 507,560	$ 13,088
2024	$ 13,088	$ 542,263	$ 547,154	$ 8,197

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Net Position

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

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation/amortization, reduced by any outstanding debt attributable to acquire capital assets.

- **Restricted** – Consists of net position restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

- **Unrestricted** – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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

V. Fund Balance Classifications

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

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

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

- **Committed** – Consists of internally imposed constraints that are established by resolution of the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to School Board resolution, the District's superintendent or director of finance is authorized to establish assignments of fund balance.

- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total, but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2024, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	$ 3,517,027
Investments	45,029,191
Cash on hand	1,250
Total	$ 48,547,468

Cash and investments are presented in the financial statements as follows:

Government-Wide Statement of Net Position	
Cash and temporary investments	$ 40,944,203
Statement of Fiduciary Net Position	
Custodial Fund	67,429
Post-Employment Benefits Trust Fund	7,535,836
Total	$ 48,547,468

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Deposits

In accordance with applicable Minnesota Statutes, the District maintains deposits at depository banks authorized by the School Board, including checking accounts, savings accounts, and nonnegotiable certificates of deposit. The following is considered the most significant risk associated with deposits:

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

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

At year-end, the carrying amount of the District's deposits was $3,517,027, while the balance on the bank records was $3,518,277. On June 30, 2024, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the District's agent in the District's name.

C. Investments

The District has the following investments at year-end:

	Credit Risk		Fair Value Measurements	Investment Risk – Maturity Duration in Years		
Investment Type	Rating	Agency	Using	Less Than 1	1 to 5	Total
State and local bonds	AA	S&P	Level 2	$ 498,012	$ –	$ 498,012
Negotiable certificates of deposit	Not Rated		Level 2	$ 236,443	$ –	236,443
U.S. agency securities	AA	S&P	Level 2	$ –	$ 283,536	283,536
U.S. treasuries	Not Applicable		Level 2	$ 3,517,373	$ 1,488,367	5,005,740
Investment pools/mutual funds						
MSDLAF Liquid Class	AAA	S&P	Amortized Cost	No Maturity Date		90,231
MSDLAF MAX Class	AAA	S&P	Amortized Cost	No Maturity Date		32,961
MNTrust Investment Shares Portfolio	AAA	S&P	Amortized Cost	No Maturity Date		21,189,677
Federated Institutional Tax-Free	AAA	S&P	Net Asset Value	No Maturity Date		941,686
Goldman Sachs Government Money Market	AAA	S&P	Net Asset Value	No Maturity Date		438,498
MNTrust Full Flex	Not Rated		Amortized Cost	No Maturity Date		7,812,407
MNTrust Term Series	Not Rated		Amortized Cost	$ 4,500,000	$ 4,000,000	8,500,000
Total investments						$ 45,029,191

External mutual funds valued at net asset value have no restrictions on withdrawals. The District's investments include external investment pools managed by Minnesota Trust (MNTrust) and the Minnesota School District Liquid Asset Fund (MSDLAF), which are regulated by Minnesota Statutes and not registered with the Securities and Exchange Commission. The District's investments in these investment pools are measured at the net asset value per share provided by the pools, which are based on amortized cost methods that approximate fair value.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

There are no restrictions or limitations on withdrawals from the MNTrust Investment Shares Portfolio or MSDLAF Liquid Class investment pools. Investments in the MSDLAF MAX Class must be deposited for a minimum of 14 calendar days with the exception of direct investments of funds distributed by the state of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty and there is a 24-hour hold on all requests for redemptions. MNTrust Full Flex investments can be withdrawn weekly with one day advance notice. MNTrust Term Series are intended to be held until maturity; a participant's withdrawal prior to maturity will require seven-days' notice of redemption and will likely carry a penalty, which could be substantial in that it would be intended to allow the Term Series to recoup any associated penalties, charges, losses, or other costs associated with the early redemption of the investments therein.

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

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

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the District's investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated "A" or better; revenue obligations rated "AA" or better; general obligations of the Minnesota Housing Finance Agency rated "A" or better; bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers. For assets held in the Post-Employment Benefits Trust Fund, the investment options available to the District are expanded to include the investment types specified in Minnesota Statutes § 356A.06, Subd. 7. The District's investment policies do not further restrict investing in specific financial instruments.

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

Concentration Risk – This is the risk associated with investing a significant portion of the District's investments (considered 5.0 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District's investment policy limits the percentage of its total portfolio invested in certain instruments as follows: bankers' acceptances (25.0 percent), commercial paper (85.0 percent), repurchase agreements (25.0 percent), certificates of deposit (50.0 percent from commercial banks and 50.0 percent from savings and loan associations), and local government investment pools (75.0 percent).

NOTE 3 – LEASES RECEIVABLE

The District has entered into two agreements to lease space on district property for cell towers. The leases are reported using an incremental interest rate of 5.00 percent with final maturities in fiscal 2033. During the current year, the District received principal and interest payments on these leases of $20,464 and $15,871.

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2024 is as follows:

	Balance – Beginning of Year	Additions	Deletions	Transfers	Balance – End of Year
Capital assets, not depreciated/amortized					
Land	$ 349,265	$ –	$ –	$ –	$ 349,265
Construction in progress	533,445	1,676,676		(604,710)	1,605,411
Total capital assets, not depreciated/amortized	882,710	1,676,676	–	(604,710)	1,954,676
Capital assets, depreciated/amortized					
Land improvements	6,607,884	21,962	(1,036,562)	604,710	6,197,994
Buildings	214,820,229	668,468	–	–	215,488,697
Leases – buildings	2,754,091	–	–	–	2,754,091
Equipment	11,531,232	1,696,859	(565,791)	–	12,662,300
Total capital assets, depreciated/amortized	235,713,436	2,387,289	(1,602,353)	604,710	237,103,082
Less accumulated depreciation/amortization for					
Land improvements	(5,537,258)	(272,883)	1,036,562	–	(4,773,579)
Buildings	(67,908,742)	(5,725,231)	–	–	(73,633,973)
Leases – buildings	(486,480)	(325,637)	–	–	(812,117)
Equipment	(8,148,163)	(734,074)	522,920	–	(8,359,317)
Total accumulated depreciation/amortization	(82,080,643)	(7,057,825)	1,559,482	–	(87,578,986)
Net capital assets, depreciated/amortized	153,632,793	(4,670,536)	(42,871)	604,710	149,524,096
Total capital assets, net	$ 154,515,503	$ (2,993,860)	$ (42,871)	$ –	$ 151,478,772

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

Administration	$ 393
Elementary and secondary regular instruction	194,808
Vocational education instruction	481
Special education instruction	8,046
Instructional support services	64,547
Pupil support services	228,669
Sites and buildings	6,527,263
Food service	33,618
Total depreciation/amortization expense	$ 7,057,825

NOTE 5 – LONG-TERM LIABILITIES

A. General Obligation Bonds

The District currently has the following general obligation bonds outstanding:

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
2016A Refunding Bonds	01/13/2016	2.00–5.00%	$ 4,880,000	02/01/2025	$ 875,000
2017A Taxable OPEB Refunding Bonds	02/09/2017	3.00%	$ 14,290,000	02/01/2027	6,390,000
2017B Alternative Facilities Refunding Bond	02/09/2017	3.00%	$ 6,130,000	02/01/2025	1,105,000
2018A School Building Bonds	03/01/2018	3.50–5.00%	$ 84,615,000	02/01/2043	84,615,000
2018B Facilities Maintenance Bonds	03/01/2018	2.00–5.00%	$ 31,545,000	02/01/2036	30,445,000
2021A Refunding Bonds	11/04/2021	5.00%	$ 2,230,000	02/01/2025	775,000
2022A School Building Bonds	11/10/2022	5.00%	$ 2,185,000	02/01/2028	1,590,000
2024A Capital Facilities Bonds	03/28/2024	4.00–5.00%	$ 2,335,000	02/01/2039	2,335,000
Total general obligation bonds					$ 128,130,000

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

B. Financed Purchases Payable

The District has entered into a number of agreements to finance the purchase of various capital assets. If the values of the individual assets acquired through the agreements exceed the District's capitalization threshold, the assets are reported in equipment at the amount financed noted below. The agreements are secured by the underlying assets. All agreements are being paid by the General Fund. Financed purchase agreements outstanding at year-end are as follows:

Financed Purchase Description	Issue Date	Interest Rate	Amount Financed	Final Maturity	Principal Outstanding
Buses	11/01/2017	1.65%	$ 503,592	07/01/2024	$ 59,095
Buses	07/15/2018	3.75%	$ 305,149	07/15/2025	95,348
Total financed purchases payable					$ 154,443

C. Lease Liabilities

The District is renting space through two lease financing agreements. The total amount of the underlying lease assets are included by major asset class and the related amortization is presented in Note 4 to the basic financial statements. Any additional payments for common area maintenance costs are not included in the lease liability below. The leases will be repaid by the General Fund. At year-end, the District has the following lease liabilities outstanding:

Lease Descriptions	Interest Rate	Lease Date	Final Maturity	Principal Outstanding
Intermediate District No. 287 space lease	5.30%	03/08/2007	10/01/2032	$ 1,513,459
Hope Presbyterian Church space lease	5.00%	07/01/2022	06/05/2027	530,524
Total lease liabilities				$ 2,043,983

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

D. Minimum Debt Payments

Future principal and interest payments for general obligation bonds, financed purchases payable, and lease liabilities are as follows:

Year Ending	General Obligation Bonds		Financed Purchases Payable		Lease Liabilities	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 4,975,000	$ 4,807,038	$ 105,891	$ 4,560	$ 308,299	$ 101,928
2026	5,335,000	4,623,737	48,552	1,821	329,285	85,599
2027	5,675,000	4,385,938	–	–	351,488	68,169
2028	5,855,000	4,141,437	–	–	169,727	54,236
2029	5,740,000	3,830,438	–	–	178,935	45,027
2030–2034	32,070,000	15,951,125	–	–	706,249	77,618
2035–2039	36,265,000	9,885,225	–	–	–	–
2040–2043	32,215,000	2,907,375	–	–	–	–
	$ 128,130,000	$ 50,532,313	$ 154,443	$ 6,381	$ 2,043,983	$ 432,577

E. Other Long-Term Liabilities

The District offers various benefits to its employees, including severance benefits, compensated absences, pensions, and OPEB, the details which are discussed elsewhere in these notes. Such benefits are paid from the General Fund and the Food Service and Community Service Special Revenue Funds. The District has also established a Post-Employment Benefits Trust Fund to finance OPEB obligations.

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

Pension Plans	Net/Total Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
State-wide, multiple-employer – PERA	$ 7,862,195	$ 2,583,603	$ 2,461,889	$ 1,225,743
State-wide, multiple-employer – TRA	42,494,785	9,763,507	1,064,760	(404,939)
Single employer – District	1,534,021	42,376	550,709	94,250
Total	$ 51,891,001	$ 12,389,486	$ 4,077,358	$ 915,054

F. Changes in Long-Term Liabilities

	June 30, 2023	Additions	Retirements	June 30, 2024	Due Within One Year
General obligation bonds	$ 130,840,000	$ 2,335,000	$ (5,045,000)	$ 128,130,000	$ 4,975,000
Premiums	3,327,821	243,334	(411,461)	3,159,694	–
Financed purchases payable	340,150	–	(185,707)	154,443	105,891
Lease liabilities	2,332,450	–	(288,467)	2,043,983	308,299
Net/total pension liabilities	52,540,739	9,154,162	(9,803,900)	51,891,001	45,770
Net OPEB liabilities	6,799,668	851,680	(809,301)	6,842,047	–
Compensated absences	120,639	362,509	(120,639)	362,509	362,509
Severance benefits	1,998,911	528,445	(100,790)	2,426,566	320,624
	$ 198,300,378	$ 13,475,130	$ (16,765,265)	$ 195,010,243	$ 6,118,093

NOTE 6 – FUND BALANCES

The following is a breakdown of equity components of governmental funds defined earlier in this report. Any such restrictions, which have an accumulated deficit balance at June 30, are included in unassigned fund balance in the District's financial statements in accordance with accounting principles generally accepted in the United States of America. However, a description of these deficit balance restrictions is included herein since the District has specific authority to use future resources for such deficits.

A. Classifications

At June 30, 2024, a summary of the District's governmental fund balance classifications are as follows:

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable					
Inventory	$ 17,118	$ –	$ –	$ 31,505	$ 48,623
Prepaid items	518,193	–	–	1,440	519,633
Total nonspendable	535,311	–	–	32,945	568,256
Restricted					
Student activities	88,766	–	–	–	88,766
Scholarships	456,964	–	–	–	456,964
Capital projects levy	836,265	–	–	–	836,265
Literacy incentive aid	136,889	–	–	–	136,889
Operating capital	481,716	–	–	–	481,716
Area learning center	705,624	–	–	–	705,624
Basic skills programs	854,441	–	–	–	854,441
Long-term facilities maintenance	1,003,466	–	–	–	1,003,466
Medical Assistance	178,074	–	–	–	178,074
Food service	–	–	–	909,330	909,330
Early childhood family education	–	–	–	54,212	54,212
School readiness	–	–	–	351,198	351,198
Community service	–	–	–	79,828	79,828
Capital projects	–	4,161,110	–	–	4,161,110
Debt service	–	–	2,164,246	–	2,164,246
Total restricted	4,742,205	4,161,110	2,164,246	1,394,568	12,462,129
Assigned					
Third party special education	171,481	–	–	–	171,481
Synthetic turf	16,522	–	–	–	16,522
School specific carryover	350,641	–	–	–	350,641
Program initiative	905,027	–	–	–	905,027
Enrollment	600,000	–	–	–	600,000
Future retirement	638,422	–	–	–	638,422
COVID-19	2,569,109	–	–	–	2,569,109
Food service donations	7,898	–	–	–	7,898
Total assigned	5,259,100	–	–	–	5,259,100
Unassigned					
Community education restricted account deficit	–	–	–	(127,614)	(127,614)
General Fund	8,123,103	–	–	–	8,123,103
Total unassigned	8,123,103	–	–	(127,614)	7,995,489
Total	$ 18,659,719	$ 4,161,110	$ 2,164,246	$ 1,299,899	$ 26,284,974

B. Minimum Unassigned Fund Balance Policy

The School Board has a formal fund balance policy of maintaining 4–10 percent of operating expenditures in unassigned General Fund reserves, with actions outlined for certain benchmarks in that range, chosen for contingency and sustainability purposes.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

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

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

2. Teachers Retirement Association (TRA)

The TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with Minnesota Statutes, Chapters 354 and 356. The TRA is a separate statutory entity, administered by a Board of Trustees. The Board of Trustees consists of four active members, one retired member, and three statutory officials.

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

B. Benefits Provided

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

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

1. GERF Benefits

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

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Benefit increases are provided to benefit recipients each January. The post-retirement increase is equal to 50.0 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.0 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase, will receive the full increase. For recipients receiving the annuity or benefit for at least one month, but less than a full year as of the June 30 before the effective date of the increase, will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

2. TRA Benefits

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

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

Tier I Benefits

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

With these provisions:

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

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

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

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Tier II Benefits

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

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

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

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

C. Contributions

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

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employee and employer contributions. Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024 and the District was required to contribute 7.50 percent for Coordinated Plan members. The District’s contributions to the GERF for the year ended June 30, 2024, were $899,436. The District’s contributions were equal to the required contributions as set by state statutes.

2. TRA Contributions

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

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

The District’s contributions to the TRA for the plan’s fiscal year ended June 30, 2024, were $2,973,867. The District’s contributions were equal to the required contributions for each year as set by state statutes.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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

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

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

D. Pension Costs

1. GERF Pension Costs

At June 30, 2024, the District reported a liability of $7,862,195 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of $16 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the District totaled $216,770. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of the PERA's participating employers. The District's proportionate share was 0.1406 percent at the end of the measurement period and 0.1422 percent for the beginning of the period.

District's proportionate share of the net pension liability	$	7,862,195
State's proportionate share of the net pension liability associated with the District		216,770
Total	$	8,078,965

For the year ended June 30, 2024, the District recognized pension expense of $1,224,769 for its proportionate share of the GERF's pension expense. The District also recognized an additional $974 as pension expense and grant revenue for its proportionate share of the state of Minnesota's pension expense for the annual $16 million contribution.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 258,903	$ 50,579
Changes in actuarial assumptions	1,192,525	2,154,961
Net collective difference between projected and actual investment earnings on pension plan investments	–	77,373
Changes in proportion	232,739	178,976
District's contributions to the GERF subsequent to the measurement date	899,436	–
Total	$ 2,583,603	$ 2,461,889

The $899,436 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2025	$ 217,237
2026	$ (987,744)
2027	$ 163,342
2028	$ (170,557)

2. TRA Pension Costs

At June 30, 2024, the District reported a liability of $42,494,785 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Minneapolis School District. The District's proportionate share was 0.5147 percent at the end of the measurement period and 0.4977 percent for the beginning of the period.

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

District's proportionate share of the net pension liability	$ 42,494,785
State's proportionate share of the net pension liability associated with the District	2,976,948
Total	$ 45,471,733

For the year ended June 30, 2024, the District recognized negative pension expense of ($824,117). It also recognized $419,178 as an increase to pension expense for the support provided by direct aid.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

At 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	$ 400,484	$ 608,150
Changes in actuarial assumptions	4,667,654	–
Net collective difference between projected and actual investment earnings on pension plan investments	17,021	–
Changes in proportion	1,704,481	456,610
District's contributions to the TRA subsequent to the measurement date	2,973,867	–
Total	$ 9,763,507	$ 1,064,760

A total of $2,973,867 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2025	$ 858,369
2026	$ (6,181)
2027	$ 4,927,909
2028	$ (204,317)
2029	$ 149,100

E. Long-Term Expected Return on Investment

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

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

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

F. Actuarial Methods and Assumptions

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

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

1. GERF

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

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

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

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

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

2. TRA

Salary increases were based on a service-related table.

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

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

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

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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

1. GERF

CHANGES IN PLAN PROVISIONS

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

CHANGES IN ACTUARIAL ASSUMPTIONS

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

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

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

G. Discount Rate

1. GERF

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

2. TRA

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

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

H. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
GERF discount rate	6.00%	7.00%	8.00%
District's proportionate share of the GERF net pension liability	$ 13,908,854	$ 7,862,195	$ 2,888,588
TRA discount rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	$ 67,776,056	$ 42,494,785	$ 21,798,986

I. Pension Plan Fiduciary Net Position

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

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

NOTE 8 – DEFINED BENEFIT PENSION PLAN – DISTRICT

A. Plan Description

The District provides pension benefits to certain eligible employees through its Pension Benefits Plan, a single-employer defined benefit plan administered by the District. All pension benefits are based on contractual agreements with employee groups, with eligibility based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report. These benefits are as follows:

Teacher Pension Benefits – For eligible teachers (with at least 15 years of continuous service and at least 55 years of age), the District pays a lump sum pension benefit that ranges from $7,500 to $10,000, based on years of service at retirement. Eligible teachers can earn an additional lump sum benefit of $5,000 if they have unused sick leave of more than 150 days at retirement.

Other Pension Benefits – The District offers pension benefits to several other employee groups. Eligible employees (with at least 15 years of continuous service and at least 55 years of age) can earn a lump sum pension benefit that differs by bargaining unit, ranging from $3,500 up to 50 percent of their annual salary.

NOTE 8 – DEFINED BENEFIT PENSION PLAN – DISTRICT (CONTINUED)

B. Contributions and Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District's pay-as-you-go contributions for the benefits described above were $68,034 during the current year. The District has not established a trust fund to finance these pension benefits.

C. Membership

Membership in the plan consisted of 669 active plan members as of the latest actuarial valuation.

D. Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial valuation date of July 1, 2023 and a measurement date as of June 30, 2024, and update procedures were used to roll forward the total pension liability to the measurement date. The entry-age method was used, and the following actuarial assumptions were applied to all periods included in the measurement, unless otherwise specified:

Discount rate	4.10%
20-year municipal bond yield	4.10%
Inflation rate	2.50%
Salary increases	Service graded table

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2021 Generational Improvement Scale. The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

The following changes in actuarial assumptions occurred in 2024:

- The mortality tables were updated from the Pub-2010 Public Retirement 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 3.90 percent to 4.10 percent.

E. Discount Rate

The discount rate used to measure the pension liability was 4.10 percent. Since the plan is not funded, the discount rate is equal to the 20-year municipal bond rate, which was set by considering published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of the measurement date. The discount rate was changed from 3.90 percent to 4.10 percent since the previous valuation.

NOTE 8 – DEFINED BENEFIT PENSION PLAN – DISTRICT (CONTINUED)

F. Changes in the Total Pension Liability

	Total Pension Liability
Beginning balance – July 1, 2023	$ 1,425,269
Changes for the year	
Service cost	116,249
Interest	58,805
Assumption changes	(16,998)
Difference between expected and actual experience	18,730
Benefit payments – employer-financed	(68,034)
Total net changes	108,752
Ending balance – June 30, 2024	$ 1,534,021

G. Total Pension Liability Sensitivity to Discount Rate Changes

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

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
Pension discount rate	3.10%	4.10%	5.10%
Total pension liability	$ 1,620,870	$ 1,534,021	$ 1,449,369

H. Pension Expense and Related Deferred Outflows and Deferred Inflows of Resources

For the current year ended, the District recognized pension expense of $94,250, and at year-end reported the following deferred outflows and 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	$ 17,436	$ 409,915
Changes in actuarial assumptions	24,940	140,794
Total	$ 42,376	$ 550,709

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

Year Ending June 30,	Pension Expense Amount
2025	$ (80,804)
2026	$ (80,804)
2027	$ (80,804)
2028	$ (80,804)
2029	$ (80,804)
Thereafter	$ (104,313)

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

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

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

B. Benefits Provided

All retirees of the District have the option under state law to continue their medical insurance coverage through the District from the time of retirement until the employee reaches the age of eligibility for Medicare. For members of certain employee groups hired before January 1, 2011, the District pays the eligible retiree's premiums for medical (single or family coverage premium at active employee rates), dental (single or family coverage premium at active employee rates), and/or life insurance (coverage to 2–3 times their basic annual salary to a maximum of $300,000), for some period after retirement. The length of the benefits to be paid by the District differ by bargaining unit, with some contracts specifying a number of months of coverage based on years of service (ranging from 48–120 months coverage for 15–30 years of continuous service), and some covering premium costs from the time of retirement until the employee reaches the age of eligibility for Medicare.

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

C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District's pay-as-you-go contributions for the benefits described above were $921,099 during the current year.

D. Membership

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

Retirees and beneficiaries receiving benefits	87
Active plan members	689
Total plan members	776

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

E. Net OPEB Liability of the District

The District's net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2023, and update procedures were used to roll forward the total pension liability to the measurement date. The components of the net OPEB liability of the District at year-end were as follows:

Total OPEB liability	$ 14,019,657
Plan fiduciary net position	(7,177,610)
District's net OPEB liability	$ 6,842,047
Plan fiduciary net position as a percentage of the total OPEB liability	51.2%

F. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial study with a valuation date as of July 1, 2023 and measurement date as of June 30, 2024, using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	4.30%
Expected long-term investment return	5.00% (net of investment expenses)
20-year municipal bond yield	4.10%
Inflation rate	2.50%
Salary increases	Service graded table
Pre-65 Medical trend rate	6.25 grading to 5.00% over 5 years, then 4.00% over the next 48 years
Post-65 Medical trend rate	4.50%
Dental trend rate	4.00%

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2021 Generational Improvement Scale. The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

The following changes in actuarial assumptions occurred in 2024:

- Healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-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 4.10 percent to 4.30 percent.
- The 20-year municipal bond yield rate was changed from 3.90 percent to 4.10 percent.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Cash	5.00 %	4.00 %
Fixed income	95.00	5.00 %
Total	100.00 %	5.00 %

G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 5.00 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

H. Discount Rate

The discount rate used to measure the total OPEB liability was 4.30 percent. The projection of cash flows used to determine the discount rate was determined by projecting forward the fiduciary net position (assets) as of the valuation date, increasing by the investment return assumption, and reducing by benefit payments in each period until assets are exhausted. Expected benefit payments by year were discounted using the expected asset return assumptions for the years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the Trust Fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate. The contribution and benefit payment history, as well as the funding policy, have also been taken into account. The discount rate was changed from 4.10 percent to 4.30 percent since the previous valuation.

I. Changes in the Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Beginning balance – July 1, 2023	$ 14,089,076	$ 7,289,408	$ 6,799,668
Changes for the year			
Service cost	425,197	–	425,197
Interest	576,392	–	576,392
Assumption changes	265,808	–	265,808
Contributions – paid through governmental funds	–	444,522	(444,522)
Projected investment income	–	364,470	(364,470)
Difference between expected and actual experience	(415,717)	309	(416,026)
Benefit payments – paid through trust	(476,577)	(476,577)	–
Benefit payments – paid through governmental funds	(444,522)	(444,522)	–
Total net changes	(69,419)	(111,798)	42,379
Ending balance – June 30, 2024	$ 14,019,657	$ 7,177,610	$ 6,842,047

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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

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

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
Discount rate	3.30%	4.30%	5.30%
Net OPEB liability	$ 7,844,355	$ 6,842,047	$ 5,930,711

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

	1% Decrease in Healthcare Cost Trend Rate	Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
Medical trend rate	5.25% decreasing to 4.00%, then 3.00%	6.25% decreasing to 5.00%, then 4.00%	7.25% decreasing to 6.00%, then 5.00%
Dental trend rate	3.00%	4.00%	5.00%
Net OPEB liability	$ 5,558,422	$ 6,842,047	$ 8,328,825

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

For the current year ended, the District recognized an OPEB expense of $82,356. As of year-end, 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 economic experience	$ –	$ 1,127,229
Changes in actuarial assumptions	399,920	1,259,151
Difference between projected and actual investment earnings	308,222	–
Total	$ 708,142	$ 2,386,380

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

Year Ending June 30,	OPEB Expense Amount
2025	$ (638,107)
2026	$ (384,700)
2027	$ (560,356)
2028	$ (70,091)
2029	$ (24,984)

NOTE 10 – FLEXIBLE BENEFIT PLAN

The District has established the Richfield Employees' Flex-Benefits Plan (the Plan). The Plan is a flexible benefit plan classified as a "cafeteria plan" under § 125 of the IRC. Eligible employees can elect to participate by contributing pretax dollars withheld from payroll checks to the Plan for health insurance, healthcare, and dependent care benefits. Payments are made from the Plan to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the participant.

Before the beginning of the Plan year, which is from July 1 to June 30, each participant designates a total amount of pretax dollars to be contributed to the Plan during the year. At June 30, the District is contingently liable for claims against the total amount of participants' annual medical expense contributions to the Plan, whether or not such contributions have been made.

The employee portion of insurance premiums (health, dental, and disability) are withheld and paid by the District directly to the designated insurance companies. The dependent care and medical expense reimbursement portions of the Plan are administered by an independent contract administrator. All plan activity is accounted for in the General Fund and special revenue funds. All property of the Plan and income attributable to that property is solely the property of the District, subject to the claims of the District's general creditors. Participants' rights under the Plan are equal to those of general creditors of the District in an amount equal to the eligible healthcare and dependent care expenses incurred by the participants. The District believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

A. Legal Claims

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

B. Federal and State Receivables

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

C. Contract Commitments

The District is committed to a number of contracts awarded for various construction and maintenance projects. The District's commitment for uncomplete work on these contracts at year-end was approximately $2,757,467.

REQUIRED SUPPLEMENTARY INFORMATION

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

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.1533%	$ 7,201,266	$ –	$ 7,201,266	$ 8,045,286	89.51%	78.70%
06/30/2016	06/30/2015	0.1454%	$ 7,535,384	$ –	$ 7,535,384	$ 8,532,242	88.32%	78.20%
06/30/2017	06/30/2016	0.1337%	$ 10,855,777	$ 141,837	$ 10,997,614	$ 8,274,425	131.20%	68.90%
06/30/2018	06/30/2017	0.1289%	$ 8,228,891	$ 103,489	$ 8,332,380	$ 8,303,816	99.10%	75.90%
06/30/2019	06/30/2018	0.1330%	$ 7,378,295	$ 241,911	$ 7,620,206	$ 8,932,562	82.60%	79.50%
06/30/2020	06/30/2019	0.1355%	$ 7,491,491	$ 232,823	$ 7,724,314	$ 9,521,362	78.68%	80.20%
06/30/2021	06/30/2020	0.1369%	$ 8,207,781	$ 253,060	$ 8,460,841	$ 9,731,816	84.34%	79.10%
06/30/2022	06/30/2021	0.1313%	$ 5,607,099	$ 171,217	$ 5,778,316	$ 9,404,488	59.62%	87.00%
06/30/2023	06/30/2022	0.1422%	$ 11,262,287	$ 330,021	$ 11,592,308	$ 10,646,647	105.78%	76.70%
06/30/2024	06/30/2023	0.1406%	$ 7,862,195	$ 216,770	$ 8,078,965	$ 11,201,790	70.19%	83.10%

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

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	$ 630,341	$ 630,341	$ –	$ 8,532,242	7.39%
06/30/2016	$ 620,582	$ 620,582	$ –	$ 8,274,425	7.50%
06/30/2017	$ 622,899	$ 622,899	$ –	$ 8,303,816	7.50%
06/30/2018	$ 670,214	$ 670,214	$ –	$ 8,932,562	7.50%
06/30/2019	$ 715,561	$ 715,561	$ –	$ 9,521,362	7.52%
06/30/2020	$ 729,901	$ 729,901	$ –	$ 9,731,816	7.50%
06/30/2021	$ 705,335	$ 705,335	$ –	$ 9,404,488	7.50%
06/30/2022	$ 798,601	$ 798,601	$ –	$ 10,646,647	7.50%
06/30/2023	$ 839,699	$ 839,699	$ –	$ 11,201,790	7.50%
06/30/2024	$ 899,436	$ 899,436	$ –	$ 11,996,416	7.50%

INDEPENDENT SCHOOL DISTRICT NO. 280

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

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.5182%	$ 23,878,283	$ 1,679,943	$ 25,558,226	$ 23,658,854	100.93%	81.50%
06/30/2016	06/30/2015	0.4984%	$ 30,830,969	$ 3,781,486	$ 34,612,455	$ 25,326,686	121.73%	76.80%
06/30/2017	06/30/2016	0.5217%	$124,437,898	$ 12,491,078	$136,928,976	$ 27,134,182	458.60%	44.88%
06/30/2018	06/30/2017	0.4982%	$ 99,449,757	$ 9,614,203	$109,063,960	$ 26,824,890	370.74%	51.57%
06/30/2019	06/30/2018	0.4863%	$ 30,544,192	$ 2,869,778	$ 33,413,970	$ 26,855,892	113.73%	78.07%
06/30/2020	06/30/2019	0.5062%	$ 32,265,294	$ 2,855,396	$ 35,120,690	$ 28,743,799	112.25%	78.21%
06/30/2021	06/30/2020	0.4861%	$ 35,913,719	$ 3,009,465	$ 38,923,184	$ 28,250,668	127.13%	75.48%
06/30/2022	06/30/2021	0.4853%	$ 21,238,179	$ 1,791,101	$ 23,029,280	$ 29,038,274	73.14%	86.63%
06/30/2023	06/30/2022	0.4977%	$ 39,853,183	$ 2,955,417	$ 42,808,600	$ 30,759,818	129.56%	76.17%
06/30/2024	06/30/2023	0.5147%	$ 42,494,785	$ 2,976,948	$ 45,471,733	$ 32,723,523	129.86%	76.42%

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

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	$ 1,899,501	$ 1,899,501	$ –	$ 25,326,686	7.50%
06/30/2016	$ 2,035,062	$ 2,035,062	$ –	$ 27,134,182	7.50%
06/30/2017	$ 2,010,864	$ 2,010,864	$ –	$ 26,824,890	7.50%
06/30/2018	$ 2,014,735	$ 2,014,735	$ –	$ 26,855,892	7.50%
06/30/2019	$ 2,222,026	$ 2,222,026	$ –	$ 28,743,799	7.73%
06/30/2020	$ 2,236,945	$ 2,236,945	$ –	$ 28,250,668	7.92%
06/30/2021	$ 2,360,678	$ 2,360,678	$ –	$ 29,038,274	8.13%
06/30/2022	$ 2,565,499	$ 2,565,499	$ –	$ 30,759,818	8.34%
06/30/2023	$ 2,797,002	$ 2,797,002	$ –	$ 32,723,523	8.55%
06/30/2024	$ 2,973,867	$ 2,973,867	$ –	$ 33,993,720	8.75%

Pension Benefits Plan
Schedule of Changes in the District's Total
Pension Liability and Related Ratios
Year Ended June 30, 2024

	District Fiscal Year Ended June 30,							
	2017	2018	2019	2020	2021	2022	2023	2024
Total pension liability								
Service cost	$ 132,145	$ 88,783	$ 95,865	$ 117,330	$ 125,988	$ 118,452	$ 120,329	$ 116,249
Interest	72,669	71,782	50,886	49,064	34,314	31,088	54,596	58,805
Assumption changes	–	(2,494)	23,297	(26,634)	19,489	(142,591)	(7,135)	(16,998)
Plan changes	–	36,550	–	–	–	87,772	–	–
Difference between expected and actual experience	–	(669,205)	–	(185,271)	–	369	–	18,730
Benefit payments	(142,256)	(233,568)	(59,134)	(152,476)	(79,000)	(164,690)	(116,750)	(68,034)
Net change in total pension liability	62,558	(708,152)	110,914	(197,987)	100,791	(69,600)	51,040	108,752
Total pension liability								
Beginning of year	2,075,705	2,138,263	1,430,111	1,541,025	1,343,038	1,443,829	1,374,229	1,425,269
End of year	$ 2,138,263	$ 1,430,111	$ 1,541,025	$ 1,343,038	$ 1,443,829	$ 1,374,229	$ 1,425,269	$ 1,534,021
Covered-employee payroll	$32,571,794	$30,214,468	$31,120,902	$36,284,075	$37,372,597	$38,215,396	$39,361,858	$43,320,836
Total pension liability as a percentage of covered-employee payroll	6.56%	4.73%	4.95%	3.70%	3.86%	3.60%	3.62%	3.54%

Note 1: The District has not established a trust fund to finance its single-employer-related benefits.

Note 2: The District implemented GASB Statement No. 73 for the year ended June 30, 2017. The schedules within the RSI section require a 10-year presentation. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 280

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

	District Fiscal Year Ended June 30,							
	2017	2018	2019	2020	2021	2022	2023	2024
Total OPEB liability								
Service cost	$ 1,037,067	$ 715,483	$ 778,052	$ 740,487	$ 815,590	$ 515,459	$ 506,332	$ 425,197
Interest	790,623	803,777	603,253	553,907	434,307	369,297	542,457	576,392
Assumption changes	–	(502,988)	467,508	(1,180,205)	535,250	(1,764,514)	(270,295)	265,808
Plan changes	–	–	–	–	–	29,470	–	–
Difference between expected and actual experience	–	(5,845,737)	–	(475,304)	–	(1,403,174)	–	(415,717)
Benefit payments	(788,391)	(1,406,567)	(1,593,821)	(1,529,876)	(1,351,466)	(1,189,821)	(908,064)	(921,099)
Net change in total OPEB liability	1,039,299	(6,236,032)	254,992	(1,890,991)	433,681	(3,443,283)	(129,570)	(69,419)
Total OPEB liability								
Beginning of year	24,060,980	25,100,279	18,864,247	19,119,239	17,228,248	17,661,929	14,218,646	14,089,076
End of year	25,100,279	18,864,247	19,119,239	17,228,248	17,661,929	14,218,646	14,089,076	14,019,657
Plan fiduciary net position								
Contributions	475,081	489,232	1,094,928	713,791	654,380	583,607	423,793	444,522
Investment earnings	128,792	115,612	203,285	247,052	100,761	(100,692)	190,720	364,779
Benefit payments	(788,391)	(1,406,567)	(1,593,821)	(1,529,876)	(1,351,466)	(1,189,821)	(908,064)	(921,099)
Net change in plan fiduciary net position	(184,518)	(801,723)	(295,608)	(569,033)	(596,325)	(706,906)	(293,551)	(111,798)
Plan fiduciary net position								
Beginning of year	10,737,072	10,552,554	9,750,831	9,455,223	8,886,190	8,289,865	7,582,959	7,289,408
End of year	10,552,554	9,750,831	9,455,223	8,886,190	8,289,865	7,582,959	7,289,408	7,177,610
Net OPEB liability	$ 14,547,725	$ 9,113,416	$ 9,664,016	$ 8,342,058	$ 9,372,064	$ 6,635,687	$ 6,799,668	$ 6,842,047
Plan fiduciary net position as a percentage of the total OPEB liability	42.04%	51.69%	49.45%	51.58%	46.94%	53.33%	51.74%	51.20%
Covered-employee payroll	$ 32,754,693	$ 30,401,080	$ 31,313,113	$ 36,975,971	$ 38,085,250	$ 39,015,242	$ 40,185,700	$ 44,236,871
Net OPEB liability as a percentage of covered-employee payroll	44.41%	29.98%	30.86%	22.56%	24.61%	17.01%	16.92%	15.47%

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

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

District Fiscal Year Ended June 30,	Annual Money-Weighted Rate of Return, Net of Investment Expense
2017	1.20%
2018	1.10%
2019	2.10%
2020	2.60%
2021	1.10%
2022	(1.20%)
2023	2.50%
2024	5.00%

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2023 CHANGES IN PLAN PROVISIONS

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

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2020 CHANGES IN PLAN PROVISIONS

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

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2020 CHANGES IN ACTUARIAL ASSUMPTIONS (CONTINUED)

- The base mortality table for healthy annuitants and employees was changed from the RP-2014 Table to the Pub-2010 General Mortality Table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality Table to the Pub-2010 General/Teacher Disabled Annuitant Mortality Table, with adjustments.
- The mortality improvement scale was changed from MP-2018 to MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100.00 percent joint and survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent joint and survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

2019 CHANGES IN PLAN PROVISIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2017 CHANGES IN PLAN PROVISIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

TEACHERS RETIREMENT ASSOCIATION (TRA)

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS (CONTINUED)

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

PENSION BENEFITS PLAN

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality tables were updated from the Pub-2010 Public Retirement 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 3.90 percent to 4.10 percent.

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2022 CHANGES IN PLAN PROVISIONS

- Added a Governmental Accounting Standards Board Statement No. 73 benefit equal to 40.00 percent of pay for employees who attain age 62 with 12 years of service as an administrator and are not eligible for the 50.00 percent of pay benefit.

PENSION BENEFITS PLAN (CONTINUED)

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale.
- Salary and withdrawal rates were updated to reflect the latest experience study.
- The discount rate was changed from 2.10 percent to 3.80 percent.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.40 percent to 2.10 percent.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees, to rates which vary by service and contract group.
- The discount rate was changed from 3.10 percent to 2.40 percent.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.40 percent to 3.10 percent.

2018 CHANGES IN PLAN PROVISIONS

- One retiree with a special agreement was paid a specified amount during the year.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale.

OTHER POST-EMPLOYMENT BENEFITS PLAN

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

- Healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-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 changed from 4.10 percent to 4.30 percent.
- The 20-year municipal bond yield rate was changed from 3.90 percent to 4.10 percent.

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 4.00 percent to 5.00 percent.
- The discount rate was changed from 3.80 percent to 4.10 percent.

2022 CHANGES IN PLAN PROVISIONS

- Post-employment medical and dental subsidies were added for the current superintendent.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- Healthcare trend rates changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale.
- Salary and withdrawal rates were updated to reflect the latest experience study.
- The expected long-term investment rate was changed from 2.40 percent to 4.00 percent.
- The discount rate was changed from 2.10 percent to 3.80 percent.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment rate was changed from 2.90 percent to 2.40 percent.
- The discount rate was changed from 2.50 percent to 2.10 percent.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- Healthcare trend rates changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees, to rates which vary by service and contract group.
- The discount rate was changed from 2.90 percent to 2.50 percent.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.20 percent to 2.90 percent.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- Healthcare trend rates changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Headcount-Weighted Mortality Tables (General, Teachers) with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Headcount-Weighted Mortality Tables (General, Teachers) with MP-2016 Generational Improvement Scale.

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SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 280

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

	Special Revenue Funds		
	Food Service	Community Service	Total
Assets			
Cash and temporary investments	$ 902,488	$ 602,615	$ 1,505,103
Receivables			
Current taxes	–	244,015	244,015
Delinquent taxes	–	4,418	4,418
Accounts and interest	26,248	15,474	41,722
Due from other governmental units	33,639	83,662	117,301
Inventory	31,505	–	31,505
Prepaid items	1,440	–	1,440
Total assets	$ 995,320	$ 950,184	$ 1,945,504
Liabilities			
Salaries payable	$ 14,428	$ 22,293	$ 36,721
Accounts and contracts payable	11,780	13,463	25,243
Due to other governmental units	512	7,398	7,910
Unearned revenue	26,325	58,116	84,441
Total liabilities	53,045	101,270	154,315
Deferred inflows of resources			
Property taxes levied for subsequent year	–	488,099	488,099
Unavailable revenue – delinquent taxes	–	3,191	3,191
Total deferred inflows of resources	–	491,290	491,290
Fund balances (deficit)			
Nonspendable	32,945	–	32,945
Restricted	909,330	485,238	1,394,568
Unassigned	–	(127,614)	(127,614)
Total fund balances	942,275	357,624	1,299,899
Total liabilities, deferred inflows of resources, and fund balances	$ 995,320	$ 950,184	$ 1,945,504

INDEPENDENT SCHOOL DISTRICT NO. 280

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

	Special Revenue Funds		
	Food Service	Community Service	Total
Revenue			
Local sources			
Property taxes	$ –	$ 498,750	$ 498,750
Investment earnings	18,725	30,466	49,191
Other	151,135	947,405	1,098,540
State sources	1,165,918	846,282	2,012,200
Federal sources	2,613,625	–	2,613,625
Total revenue	3,949,403	2,322,903	6,272,306
Expenditures			
Current			
Food service	3,700,961	–	3,700,961
Community service	–	2,219,248	2,219,248
Capital outlay	28,620	38,951	67,571
Total expenditures	3,729,581	2,258,199	5,987,780
Net change in fund balances	219,822	64,704	284,526
Fund balances			
Beginning of year	722,453	292,920	1,015,373
End of year	$ 942,275	$ 357,624	$ 1,299,899

INDEPENDENT SCHOOL DISTRICT NO. 280

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

	2024	2023
Assets		
Cash and temporary investments	$ 20,561,776	$ 18,422,969
Receivables		
Current taxes	11,354,485	8,980,699
Delinquent taxes	158,963	148,065
Accounts and interest	207,931	210,307
Due from other governmental units	7,431,312	8,267,540
Due from fiduciary fund	476,577	484,271
Due from other funds	1,694,055	–
Leases	296,965	317,429
Inventory	17,118	34,951
Prepaid items	518,193	42,829
Total assets	$ 42,717,375	$ 36,909,060
Liabilities		
Salaries payable	$ 785,120	$ 1,076,058
Accounts and contracts payable	1,414,703	596,144
Due to other governmental units	336,391	665,588
Unearned revenue	33	–
Total liabilities	2,536,247	2,337,790
Deferred inflows of resources		
Lease revenue for subsequent years	296,965	317,429
Property taxes levied for subsequent year	21,109,681	16,532,494
Unavailable revenue – delinquent taxes	114,763	191,710
Total deferred inflows of resources	21,521,409	17,041,633
Fund balances		
Nonspendable for inventory	17,118	34,951
Nonspendable for prepaid items	518,193	42,829
Restricted for student activities	88,766	93,413
Restricted for scholarships	456,964	440,395
Restricted for capital projects levy	836,265	1,018,179
Restricted for literacy incentive aid	136,889	–
Restricted for operating capital	481,716	390,520
Restricted for area learning center	705,624	669,992
Restricted for basic skills programs	854,441	–
Restricted for basic skills extended time	–	390,981
Restricted for long-term facilities maintenance	1,003,466	631,140
Restricted for Medical Assistance	178,074	–
Assigned for third party special education	171,481	171,481
Assigned for synthetic turf	16,522	62,766
Assigned for school specific carryover	350,641	388,020
Assigned for program initiative	905,027	905,027
Assigned for enrollment	600,000	600,000
Assigned for future retirement	638,422	638,422
Assigned for COVID-19	2,569,109	2,602,525
Assigned for food service donations	7,898	7,067
Unassigned	8,123,103	8,441,929
Total fund balances	18,659,719	17,529,637
Total liabilities, deferred inflows of resources, and fund balances	$ 42,717,375	$ 36,909,060

INDEPENDENT SCHOOL DISTRICT NO. 280

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

	2024			2023
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 18,352,115	$ 18,257,791	$ (94,324)	$ 17,853,746
Investment earnings	1,309,550	1,000,021	(309,529)	726,778
Other	1,693,095	1,941,781	248,686	929,347
State sources	55,809,614	55,361,384	(448,230)	47,269,721
Federal sources	4,530,615	5,361,721	831,106	8,182,833
Total revenue	81,694,989	81,922,698	227,709	74,962,425
Expenditures				
Current				
Administration				
Salaries	2,381,990	2,150,865	(231,125)	1,908,625
Employee benefits	692,355	639,291	(53,064)	572,742
Purchased services	44,260	37,580	(6,680)	48,715
Supplies and materials	94,377	90,584	(3,793)	92,084
Other expenditures	127,965	54,754	(73,211)	58,213
Total administration	3,340,947	2,973,074	(367,873)	2,680,379
District support services				
Salaries	1,505,569	1,421,834	(83,735)	1,338,876
Employee benefits	465,137	517,872	52,735	566,606
Purchased services	609,778	618,413	8,635	604,634
Supplies and materials	424,854	687,290	262,436	566,256
Other expenditures	86,485	19,954	(66,531)	21,250
Total district support services	3,091,823	3,265,363	173,540	3,097,622
Elementary and secondary regular instruction				
Salaries	22,534,372	22,140,968	(393,404)	21,798,825
Employee benefits	7,370,053	7,661,899	291,846	7,411,546
Purchased services	2,235,221	1,735,434	(499,787)	1,639,078
Supplies and materials	976,267	744,915	(231,352)	730,974
Capital expenditures	14,850	26,951	12,101	35,138
Other expenditures	267,741	151,042	(116,699)	148,226
Total elementary and secondary regular instruction	33,398,504	32,461,209	(937,295)	31,763,787

(continued)

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

	2024			2023
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	445,295	598,888	153,593	386,809
Employee benefits	147,318	196,880	49,562	123,694
Purchased services	30,723	19,056	(11,667)	64,109
Supplies and materials	31,150	22,471	(8,679)	21,821
Other expenditures	3,090	2,354	(736)	3,444
Total vocational education instruction	657,576	839,649	182,073	599,877
Special education instruction				
Salaries	11,139,213	9,987,536	(1,151,677)	9,356,513
Employee benefits	3,427,042	3,381,203	(45,839)	3,152,087
Purchased services	776,642	2,152,479	1,375,837	990,935
Supplies and materials	130,953	150,440	19,487	147,255
Capital expenditures	–	–	–	241,073
Other expenditures	51,500	49,142	(2,358)	49,835
Total special education instruction	15,525,350	15,720,800	195,450	13,937,698
Instructional support services				
Salaries	2,248,683	2,082,884	(165,799)	2,264,413
Employee benefits	756,013	696,721	(59,292)	760,481
Purchased services	376,980	249,626	(127,354)	344,572
Supplies and materials	989,079	1,065,873	76,794	787,891
Capital expenditures	875,300	1,435,468	560,168	927,437
Other expenditures	64,292	27,167	(37,125)	30,705
Total instructional support services	5,310,347	5,557,739	247,392	5,115,499
Pupil support services				
Salaries	3,998,343	3,837,266	(161,077)	3,407,131
Employee benefits	1,518,556	1,431,431	(87,125)	1,136,338
Purchased services	4,640,004	5,356,344	716,340	4,782,169
Supplies and materials	320,848	347,420	26,572	552,456
Capital expenditures	340,000	231,556	(108,444)	1,183,145
Other expenditures	28,797	13,795	(15,002)	18,822
Total pupil support services	10,846,548	11,217,812	371,264	11,080,061

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 280

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

	2024			2023
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	2,339,900	2,374,846	34,946	2,205,315
Employee benefits	816,890	851,433	34,543	795,335
Purchased services	2,983,272	2,887,780	(95,492)	2,763,809
Supplies and materials	413,000	411,276	(1,724)	414,627
Capital expenditures	1,558,588	1,194,232	(364,356)	2,190,612
Other expenditures	22,400	6,927	(15,473)	7,068
Total sites and buildings	8,134,050	7,726,494	(407,556)	8,376,766
Fiscal and other fixed cost programs				
Purchased services	453,926	453,927	1	359,446
Other expenditures	44,580	60,885	16,305	53,322
Total fiscal and other fixed cost programs	498,506	514,812	16,306	412,768
Debt service				
Principal	917,894	474,174	(443,720)	444,286
Interest and fiscal charges	140,317	125,696	(14,621)	141,510
Total debt service	1,058,211	599,870	(458,341)	585,796
Total expenditures	81,861,862	80,876,822	(985,040)	77,650,253
Excess (deficiency) of revenue over expenditures	(166,873)	1,045,876	1,212,749	(2,687,828)
Other financing sources				
Lease issued	–	–	–	823,971
Insurance recovery	50,000	49,190	(810)	24,731
Sale of capital assets	35,000	35,016	16	29,178
Total other financing sources	85,000	84,206	(794)	877,880
Net change in fund balances	$ (81,873)	1,130,082	$ 1,211,955	(1,809,948)
Fund balances				
Beginning of year		17,529,637		19,339,585
End of year		$ 18,659,719		$ 17,529,637

INDEPENDENT SCHOOL DISTRICT NO. 280

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

	2024	2023
Assets		
Cash and temporary investments	$ 902,488	$ 351,658
Receivables		
Accounts and interest	26,248	5,779
Due from other governmental units	33,639	363,597
Inventory	31,505	30,011
Prepaid items	1,440	–
Total assets	$ 995,320	$ 751,045
Liabilities		
Salaries payable	$ 14,428	$ 19,558
Accounts and contracts payable	11,780	7,026
Due to other governmental units	512	549
Unearned revenue	26,325	1,459
Total liabilities	53,045	28,592
Fund balances		
Nonspendable for inventory	31,505	30,011
Nonspendable for prepaid items	1,440	–
Restricted for food service	909,330	692,442
Total fund balances	942,275	722,453
Total liabilities and fund balances	$ 995,320	$ 751,045

INDEPENDENT SCHOOL DISTRICT NO. 280

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

	2024			2023
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	$ 20,000	$ 18,725	$ (1,275)	$ 18,391
Other – primarily meal sales	152,823	151,135	(1,688)	540,361
State sources	390,000	1,165,918	775,918	148,257
Federal sources	2,867,663	2,613,625	(254,038)	2,365,369
Total revenue	3,430,486	3,949,403	518,917	3,072,378
Expenditures				
Current				
Salaries	1,106,272	1,216,190	109,918	1,143,882
Employee benefits	403,482	431,992	28,510	425,242
Purchased services	54,500	90,549	36,049	102,006
Supplies and materials	1,950,654	1,938,168	(12,486)	1,683,381
Other expenditures	16,120	24,062	7,942	9,189
Capital outlay	23,727	28,620	4,893	155,801
Total expenditures	3,554,755	3,729,581	174,826	3,519,501
Excess (deficiency) of revenue over expenditures	(124,269)	219,822	344,091	(447,123)
Other financing sources				
Sale of capital assets	–	–	–	2
Net change in fund balances	$ (124,269)	219,822	$ 344,091	(447,121)
Fund balances				
Beginning of year		722,453		1,169,574
End of year		$ 942,275		$ 722,453

INDEPENDENT SCHOOL DISTRICT NO. 280

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

	2024	2023
Assets		
Cash and temporary investments	$ 602,615	$ 580,480
Receivables		
Current taxes	244,015	252,387
Delinquent taxes	4,418	4,064
Accounts and interest	15,474	14,722
Due from other governmental units	83,662	84,183
Total assets	$ 950,184	$ 935,836
Liabilities		
Salaries payable	$ 22,293	$ 42,561
Accounts and contracts payable	13,463	15,206
Due to other governmental units	7,398	1,918
Unearned revenue	58,116	72,482
Total liabilities	101,270	132,167
Deferred inflows of resources		
Property taxes levied for subsequent year	488,099	505,494
Unavailable revenue – delinquent taxes	3,191	5,255
Total deferred inflows of resources	491,290	510,749
Fund balances (deficit)		
Restricted for early childhood family education	54,212	20,924
Restricted for school readiness	351,198	301,355
Restricted for community service	79,828	101,752
Unassigned – community education restricted account deficit	(127,614)	(131,111)
Total fund balances	357,624	292,920
Total liabilities, deferred inflows of resources, and fund balances	$ 950,184	$ 935,836

INDEPENDENT SCHOOL DISTRICT NO. 280

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

	2024			2023
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 504,669	$ 498,750	$ (5,919)	$ 484,131
Investment earnings	25,000	30,466	5,466	21,093
Other – primarily tuition and fees	797,451	947,405	149,954	760,601
State sources	833,294	846,282	12,988	829,625
Federal sources	–	–	–	2,095
Total revenue	2,160,414	2,322,903	162,489	2,097,545
Expenditures				
Current				
Salaries	1,168,937	1,185,883	16,946	1,192,257
Employee benefits	463,334	419,093	(44,241)	413,351
Purchased services	413,864	498,688	84,824	391,652
Supplies and materials	162,440	113,445	(48,995)	89,203
Other expenditures	11,449	2,139	(9,310)	2,040
Capital outlay	27,000	38,951	11,951	3,857
Total expenditures	2,247,024	2,258,199	11,175	2,092,360
Net change in fund balances	$ (86,610)	64,704	$ 151,314	5,185
Fund balances				
Beginning of year		292,920		287,735
End of year		$ 357,624		$ 292,920

INDEPENDENT SCHOOL DISTRICT NO. 280

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

	2024	2023
Assets		
Cash and temporary investments	$ 5,913,335	$ 3,227,953
Receivables		
Accounts and interest	11,270	–
Total assets	$ 5,924,605	$ 3,227,953
Liabilities		
Accounts and contracts payable	$ 69,440	$ –
Due to other funds	1,694,055	–
Total liabilities	1,763,495	–
Fund balances		
Restricted for capital projects	4,161,110	3,227,953
Total liabilities and fund balances	$ 5,924,605	$ 3,227,953

INDEPENDENT SCHOOL DISTRICT NO. 280

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

	2024			2023
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	$ 175,000	$ 189,133	$ 14,133	$ 94,729
Expenditures				
Capital outlay				
Salaries	250,000	–	(250,000)	–
Purchased services	–	77,802	77,802	70,821
Capital expenditures	1,250,000	1,756,508	506,508	65,713
Total expenditures	1,500,000	1,834,310	334,310	136,534
Excess (deficiency) of revenue over expenditures	(1,325,000)	(1,645,177)	(320,177)	(41,805)
Other financing sources				
Debt issued	2,308,396	2,335,000	26,604	2,185,000
Premium on debt issued	–	243,334	243,334	123,396
Total other financing sources	2,308,396	2,578,334	269,938	2,308,396
Net change in fund balances	$ 983,396	933,157	$ (50,239)	2,266,591
Fund balances				
Beginning of year		3,227,953		961,362
End of year		$ 4,161,110		$ 3,227,953

INDEPENDENT SCHOOL DISTRICT NO. 280

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

	Regular Debt Service Account	OPEB Debt Service Account	Totals 2024	Totals 2023
Assets				
Cash and temporary investments	$ 5,637,982	$ 1,401,873	$ 7,039,855	$ 7,104,522
Receivables				
Current taxes	3,869,349	1,029,287	4,898,636	5,027,424
Delinquent taxes	70,860	17,252	88,112	80,030
Total assets	$ 9,578,191	$ 2,448,412	$ 12,026,603	$ 12,211,976
Deferred inflows of resources				
Property taxes levied for subsequent year	$ 7,739,778	$ 2,058,862	$ 9,798,640	$ 10,069,209
Unavailable revenue – delinquent taxes	51,248	12,469	63,717	103,635
Total deferred inflows of resources	7,791,026	2,071,331	9,862,357	10,172,844
Fund balances				
Restricted for debt service	1,787,165	377,081	2,164,246	2,039,132
Total deferred inflows of resources and fund balances	$ 9,578,191	$ 2,448,412	$ 12,026,603	$ 12,211,976

INDEPENDENT SCHOOL DISTRICT NO. 280

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

	2024					2023
		Actual				
	Budget	Regular Debt Service Account	OPEB Debt Service Account	Total	Over (Under) Budget	Actual
Revenue						
Local sources						
Property taxes	$ 10,068,011	$ 7,922,422	$ 2,013,317	$ 9,935,739	$ (132,272)	$ 9,318,678
Investment earnings	80,000	163,922	–	163,922	83,922	127,179
Total revenue	10,148,011	8,086,344	2,013,317	10,099,661	(48,350)	9,445,857
Expenditures						
Debt service						
Principal	5,045,000	3,265,000	1,780,000	5,045,000	–	4,325,000
Interest	4,921,569	4,676,469	245,100	4,921,569	–	4,950,283
Fiscal charges and other	8,453	7,978	–	7,978	(475)	7,100
Total expenditures	9,975,022	7,949,447	2,025,100	9,974,547	(475)	9,282,383
Net change in fund balances	$ 172,989	136,897	(11,783)	125,114	$ (47,875)	163,474
Fund balances						
Beginning of year		1,650,268	388,864	2,039,132		1,875,658
End of year		$ 1,787,165	$ 377,081	$ 2,164,246		$ 2,039,132

INDEPENDENT SCHOOL DISTRICT NO. 280

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

	Medical Benefits Self-Insurance	Dental Benefits Self-Insurance	Totals 2024	Totals 2023
Assets				
Current assets				
Cash and temporary investments	$ 5,828,086	$ 96,048	$ 5,924,134	$ 5,364,444
Receivables				
Accounts	5,340	3,354	8,694	9,329
Prepaid items	–	–	–	7,059
Total current assets	5,833,426	99,402	5,932,828	5,380,832
Liabilities				
Current liabilities				
Claims payable	555,253	8,197	563,450	500,627
Unearned revenue	1,049,280	57,512	1,106,792	1,058,805
Total current liabilities	1,604,533	65,709	1,670,242	1,559,432
Net position				
Unrestricted	$ 4,228,893	$ 33,693	$ 4,262,586	$ 3,821,400

INDEPENDENT SCHOOL DISTRICT NO. 280

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

	Medical Benefits Self-Insurance	Dental Benefits Self-Insurance	Totals 2024	Totals 2023
Operating revenue				
Contributions from governmental funds	$ 7,940,624	$ 491,082	$ 8,431,706	$ 8,019,672
Operating expenses				
Medical benefit claims	7,742,515	–	7,742,515	7,388,780
Dental benefit claims	–	542,263	542,263	507,523
Total operating expenses	7,742,515	542,263	8,284,778	7,896,303
Operating income (loss)	198,109	(51,181)	146,928	123,369
Nonoperating revenue				
Investment earnings	289,056	5,202	294,258	149,311
Change in net position	487,165	(45,979)	441,186	272,680
Net position				
Beginning of year	3,741,728	79,672	3,821,400	3,548,720
End of year	$ 4,228,893	$ 33,693	$ 4,262,586	$ 3,821,400

INDEPENDENT SCHOOL DISTRICT NO. 280

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

	Medical Benefits Self-Insurance	Dental Benefits Self-Insurance	Totals 2024	Totals 2023
Cash flows from operating activities				
Contributions from governmental funds	$ 7,992,036	$ 495,351	$ 8,487,387	$ 8,130,456
Payments for medical claims	(7,674,801)	–	(7,674,801)	(7,610,190)
Payments for dental claims	–	(547,154)	(547,154)	(507,560)
Net cash flows from operating activities	317,235	(51,803)	265,432	12,706
Cash flows from investing activities				
Investment income received	289,056	5,202	294,258	149,311
Net change in cash and cash equivalents	606,291	(46,601)	559,690	162,017
Cash and cash equivalents				
Beginning of year	5,221,795	142,649	5,364,444	5,202,427
End of year	$ 5,828,086	$ 96,048	$ 5,924,134	$ 5,364,444
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	$ 198,109	$ (51,181)	$ 146,928	$ 123,369
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Changes in assets and liabilities				
Accounts receivable	(737)	1,372	635	1,570
Prepaid items	7,059	–	7,059	1,508
Claims payable	67,714	(4,891)	62,823	(221,447)
Unearned revenue	45,090	2,897	47,987	107,706
Net cash flows from operating activities	$ 317,235	$ (51,803)	$ 265,432	$ 12,706

OTHER DISTRICT INFORMATION

(UNAUDITED)

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INDEPENDENT SCHOOL DISTRICT NO. 280

Government-Wide Revenue by Type
Last Ten Fiscal Years

Year Ended June 30,	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	General Revenues: Property Taxes	General Revenues: General Grants and Aids	General Revenues: Investment Earnings and Other	Total
2015	$ 1,381,895	$ 10,858,507	$ 18,478,774	$ 36,866,254	$ 987,311	$ 68,572,741
	2.0%	15.8%	26.9%	53.8%	1.5%	100.0%
2016	1,584,189	12,316,562	18,231,651	37,777,017	1,245,057	71,154,476
	2.2%	17.3%	25.6%	53.1%	1.8%	100.0%
2017	1,560,266	12,880,552	18,795,154	39,625,932	932,227	73,794,131
	2.1%	17.4%	25.5%	53.7%	1.3%	100.0%
2018	1,833,335	12,985,765	18,537,869	38,449,108	1,538,817	73,344,894
	2.5%	17.7%	25.3%	52.4%	2.1%	100.0%
2019	1,731,697	13,055,457	26,504,457	36,127,245	4,320,055	81,738,911
	2.1%	16.0%	32.4%	44.2%	5.3%	100.0%
2020	1,492,769	13,785,794	27,653,830	37,922,927	3,203,835	84,059,155
	1.8%	16.4%	32.9%	45.1%	3.8%	100.0%
2021	1,068,091	16,364,623	27,990,914	36,678,555	1,276,472	83,378,655
	1.3%	19.6%	33.6%	44.0%	1.5%	100.0%
2022	1,200,022	22,080,765	26,923,935	36,606,587	992,647	87,803,956
	1.4%	25.1%	30.7%	41.7%	1.1%	100.0%
2023	1,653,765	21,852,343	27,741,858	37,008,775	1,946,734	90,203,475
	1.8%	24.2%	30.8%	41.0%	2.2%	100.0%
2024	1,518,137	25,450,890	28,573,351	40,722,087	2,679,884	98,944,349
	1.5%	25.7%	28.9%	41.2%	2.7%	100.0%

Government-Wide Expenses by Program
Last Ten Fiscal Years

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction	Instructional Support Services	Pupil Support Services
2015	$ 2,780,256	$ 1,350,886	$ 27,446,721	$ 439,443	$ 11,177,578	$ 2,855,239	$ 5,511,201
	4.2%	2.0%	41.0%	0.7%	16.7%	4.3%	8.2%
2016	2,441,557	1,879,857	28,500,351	499,839	12,410,065	5,673,182	5,619,303
	3.4%	2.6%	39.3%	0.7%	17.1%	7.8%	7.7%
2017	3,205,654	1,941,718	40,383,383	453,790	15,977,707	3,615,236	6,640,241
	3.7%	2.2%	46.1%	0.5%	18.2%	4.1%	7.6%
2018	3,226,510	2,209,014	35,798,892	537,777	15,041,531	3,927,678	6,395,379
	3.8%	2.6%	42.2%	0.6%	17.7%	4.6%	7.6%
2019	1,921,888	2,038,601	18,949,610	333,061	8,264,835	2,987,518	5,556,435
	3.3%	3.5%	32.6%	0.6%	14.2%	5.1%	9.6%
2020	2,926,141	2,157,245	29,846,895	466,338	12,729,667	3,858,263	6,280,289
	3.8%	2.8%	38.6%	0.6%	16.5%	5.0%	8.1%
2021	2,514,812	2,376,927	30,942,132	480,947	12,223,647	4,676,005	6,202,568
	3.2%	3.0%	39.0%	0.6%	15.4%	5.9%	7.8%
2022	2,190,166	2,545,834	28,224,658	765,380	12,065,196	5,255,569	9,689,308
	2.6%	3.0%	33.1%	0.9%	14.2%	6.2%	11.4%
2023	2,165,458	2,270,807	23,558,563	372,790	11,033,536	4,652,053	9,865,440
	2.8%	2.9%	30.2%	0.5%	14.2%	6.0%	12.7%
2024	3,038,597	3,296,305	30,519,272	791,215	14,859,387	4,400,471	11,044,254
	3.3%	3.6%	33.0%	0.8%	16.1%	4.7%	11.9%

Note: The District began allocating all depreciation to the applicable program areas in 2020, thereby eliminating unallocated depreciation.

Sites and Buildings	Fiscal and Other Fixed Cost Programs	Food Service	Community Service	Unallocated Depreciation	Interest and Fiscal Charges	Total
$ 6,124,862	$ 318,428	$ 2,390,570	$ 1,344,766	$ 3,246,459	$ 1,957,346	$ 66,943,755
9.1%	0.5%	3.6%	2.0%	4.8%	2.9%	100.0%
5,901,471	268,482	2,675,729	1,519,388	3,234,815	1,903,059	72,527,098
8.1%	0.4%	3.7%	2.1%	4.5%	2.6%	100.0%
5,733,901	248,327	2,771,245	1,668,349	3,235,338	1,766,334	87,641,223
6.5%	0.3%	3.2%	1.9%	3.7%	2.0%	100.0%
7,243,559	233,841	2,645,759	1,703,165	3,253,593	2,578,471	84,795,169
8.6%	0.3%	3.1%	2.0%	3.8%	3.1%	100.0%
5,757,551	223,275	2,657,883	1,454,964	3,284,068	4,687,319	58,117,008
9.9%	0.4%	4.6%	2.5%	5.6%	8.1%	100.0%
8,695,645	271,303	2,887,952	1,938,043	–	5,283,250	77,341,031
11.2%	0.4%	3.7%	2.5%	–	6.8%	100.0%
10,568,828	324,599	2,330,987	2,017,178	–	4,777,164	79,435,794
13.3%	0.4%	2.9%	2.5%	–	6.0%	100.0%
14,073,778	366,483	3,018,108	2,190,865	–	4,757,781	85,143,126
16.5%	0.4%	3.5%	2.6%	–	5.6%	100.0%
13,399,199	412,768	3,586,700	1,903,013	–	4,645,124	77,865,451
17.2%	0.5%	4.6%	2.4%	–	6.0%	100.0%
13,591,067	514,812	3,786,124	2,204,768	–	4,508,271	92,554,543
14.7%	0.5%	4.1%	2.4%	–	4.9%	100.0%

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INDEPENDENT SCHOOL DISTRICT NO. 280

General Fund Revenue by Source
Last Ten Fiscal Years

Year Ended June 30,	Local Property Tax Levies	State Revenue	Federal Revenue	Other Local and Miscellaneous	Total
2015	$ 12,429,665	$ 42,796,472	$ 2,268,868	$ 1,667,896	$ 59,162,901
	21.0%	72.3%	3.8%	2.9%	100.0%
2016	12,969,947	45,073,735	2,051,552	2,048,208	62,143,442
	20.9%	72.5%	3.3%	3.3%	100.0%
2017	13,422,904	45,677,476	2,083,704	1,592,465	62,776,549
	21.4%	72.8%	3.3%	2.5%	100.0%
2018	13,100,376	46,142,115	2,251,487	1,533,633	63,027,611
	20.8%	73.2%	3.6%	2.4%	100.0%
2019	16,524,052	46,183,093	2,098,367	1,528,684	66,334,196
	24.9%	69.6%	3.2%	2.3%	100.0%
2020	18,018,703	45,674,571	2,834,496	1,390,374	67,918,144
	26.5%	67.3%	4.2%	2.0%	100.0%
2021	17,711,182	45,171,242	4,835,776	653,830	68,372,030
	25.9%	66.0%	7.1%	1.0%	100.0%
2022	17,296,011	46,153,497	8,551,970	992,495	72,993,973
	23.7%	63.2%	11.7%	1.4%	100.0%
2023	17,853,746	47,269,721	8,182,833	1,656,125	74,962,425
	23.8%	63.1%	10.9%	2.2%	100.0%
2024	18,257,791	55,361,384	5,361,721	2,941,802	81,922,698
	22.3%	67.6%	6.5%	3.6%	100.0%

INDEPENDENT SCHOOL DISTRICT NO. 280

General Fund Expenditures by Program
Last Ten Fiscal Years

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction
2015	$ 2,562,193	$ 1,307,061	$ 27,005,565	$ 417,657	$ 11,046,981
	4.4%	2.3%	46.6%	0.7%	19.1%
2016	2,531,424	1,868,531	27,838,034	484,356	12,232,161
	3.9%	2.9%	43.4%	0.8%	19.1%
2017	2,472,656	1,890,917	28,685,536	295,009	11,519,037
	4.0%	3.1%	46.5%	0.5%	18.7%
2018	2,690,786	2,282,534	26,702,012	439,099	11,823,370
	4.3%	3.7%	43.1%	0.7%	19.1%
2019	2,689,891	2,138,021	29,180,561	473,959	12,129,556
	4.2%	3.3%	45.2%	0.7%	18.8%
2020	2,773,580	2,214,339	28,172,567	446,106	12,252,919
	4.4%	3.5%	44.4%	0.7%	19.3%
2021	2,474,595	2,393,196	28,745,798	457,381	11,744,010
	3.8%	3.7%	44.0%	0.7%	18.0%
2022	2,574,656	2,633,934	30,187,624	785,186	12,629,929
	3.5%	3.6%	41.2%	1.1%	17.2%
2023	2,680,379	3,097,622	31,763,787	599,877	13,937,698
	3.5%	4.0%	40.8%	0.8%	17.9%
2024	2,973,074	3,265,363	32,461,209	839,649	15,720,800
	3.7%	4.0%	40.1%	1.0%	19.4%

Instructional Support Services	Pupil Support Services	Sites and Buildings	Other	Total
$ 2,816,864	$ 5,537,272	$ 6,402,196	$ 886,727	$ 57,982,516
4.9%	9.5%	11.0%	1.5%	100.0%
5,628,717	5,650,890	6,396,910	1,557,185	64,188,208
8.8%	8.8%	10.0%	2.3%	100.0%
2,935,556	6,107,461	6,221,688	1,555,329	61,683,189
4.8%	9.9%	10.1%	2.4%	100.0%
3,349,715	6,333,655	6,872,773	1,498,822	61,992,766
5.4%	10.2%	11.1%	2.4%	100.0%
3,756,365	6,313,381	6,458,926	1,456,153	64,596,813
5.8%	9.8%	10.0%	2.2%	100.0%
3,983,311	6,341,124	5,809,500	1,466,801	63,460,247
6.3%	10.0%	9.2%	2.2%	100.0%
4,551,070	6,489,250	7,765,869	673,056	65,294,225
7.0%	9.9%	11.9%	1.0%	100.0%
5,360,857	9,984,235	8,251,359	911,786	73,319,566
7.3%	13.6%	11.3%	1.2%	100.0%
5,115,499	11,080,061	8,376,766	998,564	77,650,253
6.6%	14.3%	10.8%	1.3%	100.0%
5,557,739	11,217,812	7,726,494	1,114,682	80,876,822
6.9%	13.9%	9.6%	1.4%	100.0%

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

	Year Collectible	General Fund	Community Service Special Revenue Fund	Debt Service Fund	Total All Funds
Levies					
	2015	$ 12,781,122	$ 423,798	$ 4,848,050	$ 18,052,970
	2016	13,591,717	433,925	5,125,866	19,151,508
	2017	13,295,212	454,869	5,191,980	18,942,061
	2018	16,506,195	465,023	9,556,851	26,528,069
	2019	18,046,456	465,989	9,321,120	27,833,565
	2020	17,525,262	473,804	9,806,268	27,805,334
	2021	16,986,279	462,275	9,246,302	26,694,856
	2022	17,853,657	488,001	9,394,321	27,735,979
	2023	17,984,566	505,494	10,069,209	28,559,269
	2024	22,708,648	488,099	9,798,640	32,995,387
Tax capacity rates					
	2015	14.207	1.001	11.451	26.659
	2016	15.664	1.023	12.084	28.771
	2017	14.988	0.972	11.094	27.054
	2018	16.168	0.969	19.913	37.050
	2019	15.586	0.845	16.900	33.331
	2020	14.846	0.821	16.991	32.658
	2021	14.494	0.763	15.260	30.517
	2022	13.907	0.731	14.070	28.708
	2023	12.644	0.681	13.565	26.890
	2024	13.054	0.643	12.907	26.604

Source: State of Minnesota School Tax Report

INDEPENDENT SCHOOL DISTRICT NO. 280

Tax Capacities
Last Ten Fiscal Years

For Taxes Collectible	Nonagricultural	Fiscal Disparities Contribution	Fiscal Disparities Distribution	Tax Increment	Total Tax Capacity
2015	$ 46,463,214	$ (6,982,700)	$ 5,553,498	$ (4,097,780)	$ 40,936,232
2016	49,828,563	(7,775,655)	5,480,389	(4,809,613)	42,723,684
2017	53,877,113	(8,342,402)	6,063,378	(5,498,277)	46,099,812
2018	57,728,286	(8,277,082)	6,000,883	(5,852,405)	49,599,682
2019	62,741,676	(8,212,926)	6,544,357	(6,559,348)	54,513,759
2020	66,716,919	(9,279,808)	6,730,399	(6,770,124)	57,397,386
2021	71,067,212	(9,680,006)	7,086,490	(8,540,202)	59,933,494
2022	73,786,874	(10,375,715)	7,852,447	(4,966,175)	66,297,431
2023	82,364,218	(10,068,564)	7,236,222	(5,872,938)	73,658,938
2024	85,938,112	(10,439,649)	7,703,289	(6,395,756)	76,805,996

Source: State of Minnesota School Tax Report

INDEPENDENT SCHOOL DISTRICT NO. 280

Property Tax Levies and Receivables
Last Ten Fiscal Years

For Taxes Collectible	Original Levy		
	Local Spread	Fiscal Disparities	Total Spread
2015	$ 15,087,402	$ 2,965,568	$ 18,052,970
2016	16,814,889	2,336,619	19,151,508
2017	16,204,749	2,737,312	18,942,061
2018	24,099,392	2,428,677	26,528,069
2019	24,207,991	3,625,574	27,833,565
2020	24,410,184	3,395,150	27,805,334
2021	23,282,853	3,412,003	26,694,856
2022	24,278,547	3,457,432	27,735,979
2023	25,555,658	3,003,611	28,559,269
2024	30,033,626	2,961,761	32,995,387

Note: Delinquent taxes receivable are written off after seven years.

Source: State of Minnesota School Tax Report

Uncollected Taxes Receivable as of June 30, 2024			
Delinquent		Current	
Amount	Percent	Amount	Percent
$ –	– %	$ –	– %
–	–	–	–
–	–	–	–
22,821	0.09	–	–
4,486	0.02	–	–
16,993	0.06	–	–
27,048	0.10	–	–
35,253	0.13	–	–
144,892	0.51	–	–
–	–	16,497,136	50.00
$ 251,493		$ 16,497,136	

INDEPENDENT SCHOOL DISTRICT NO. 280

Student Enrollment
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM) (for Students Served and Tuition Paid)					Total Pupil Units
	Pre-Kindergarten	Kindergarten	Elementary	Secondary	Total	
2015	50.80	408.47	2,151.30	1,761.09	4,371.66	4,723.88
2016	46.44	367.65	2,136.43	1,813.32	4,363.84	4,726.49
2017	126.90	319.32	2,110.31	1,822.44	4,378.97	4,743.47
2018	143.24	343.47	2,006.61	1,866.58	4,359.90	4,733.18
2019	174.88	305.31	1,916.25	1,834.58	4,231.02	4,597.92
2020	182.32	284.97	1,827.48	1,900.34	4,195.11	4,575.16
2021	155.31	321.62	1,747.03	1,914.57	4,138.53	4,521.45
2022	142.46	293.22	1,736.66	1,929.93	4,102.27	4,488.26
2023	145.52	283.62	1,707.35	1,907.13	4,043.62	4,425.03
2024	137.90	320.24	1,685.83	1,890.82	4,034.79	4,412.97

Note 1: Student enrollment for the most recent year is an estimate.

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

	Pre-Kindergarten	Half-Day Kindergarten	All-Day Kindergarten	Elementary	Secondary
All years presented	1.000	0.550	1.000	1.000	1.200

SINGLE AUDIT AND OTHER REQUIRED REPORTS

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INDEPENDENT SCHOOL DISTRICT NO. 280

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

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN	Federal Expenditures	
U.S. Department of Agriculture			
Passed through Minnesota Department of Education			
Child nutrition cluster			
National School Lunch Program	10.555	$ 1,790,936	
School Breakfast Program	10.553	632,994	
Fresh Fruit and Vegetable Program	10.582	147,975	
Total child nutrition cluster			$ 2,571,905
Local Food for Schools Cooperative Agreement Program	10.185		6,485
Child and Adult Care Food Program	10.558		60,633
COVID-19 – Pandemic EBT Administrative Costs	10.649		3,256
U.S. Department of Transportation			
Passed through Minnesota Department of Transportation			
Highway Planning and Construction	20.205		55,686
U.S. Department of Education			
Direct			
Indian Education Grants to Local Educational Agencies	84.060		7,359
Passed through Minnesota Department of Education			
Special education cluster			
Special Education Grants to States	84.027	1,065,344	
Special Education Preschool Grants	84.173	26,014	
Total special education cluster			1,091,358
Title I Grants to Local Educational Agencies	84.010		899,375
Special Education – Grants for Infants and Families	84.181		67,950
English Language Acquisition State Grants	84.365		176,770
Supporting Effective Instruction State Grants	84.367		135,045
Comprehensive Literacy Development	84.371		932,558
Education Stabilization Fund			
COVID-19 – American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	1,921,878	
COVID-19 – American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER) Fund – Homeless Children and Youth	84.425W	20,669	
Total ALN 84.425			1,942,547
Passed through Southwest Metro Consortium			
Career and Technical Education – Basic Grants to States	84.048		5,372
Passed through YMCA of the Greater Twin Cities Area			
Twenty-First Century Community Learning Centers	84.287		59,540
Total federal awards			$ 8,015,839

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

Note 2: The pass-through entities listed above use the same federal Assistance Listing Numbers (ALN) as the federal grantors to identify these grants.

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

Note 4: The District had $282,175 of noncash assistance included in the National School Lunch Program, federal ALN 10.555.

Note 5: The District transferred $54,923 into Title I – federal ALN 84.010 from other title programs during the year.

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William J. Lauer, CPA
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Kalen T. Karnowski, CPA

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

To the School Board and Management of
Independent School District No. 280
Richfield, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 280 (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 11, 2024.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

(continued)

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REPORT ON COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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

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

Minneapolis, Minnesota
December 11, 2024

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

To the School Board and Management of
Independent School District No. 280
Richfield, Minnesota

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

OPINION ON EACH MAJOR FEDERAL PROGRAM

We have audited Independent School District No. 280's (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

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

BASIS FOR OPINION ON EACH MAJOR FEDERAL PROGRAM

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

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

(continued)

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Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to on the previous page and performing such other procedures as we considered necessary in the circumstances.

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

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

(continued)

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as finding 2024-001 to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance finding identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

Minneapolis, Minnesota
December 11, 2024

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MMKR
CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

ON MINNESOTA LEGAL COMPLIANCE

To the School Board and Management of
Independent School District No. 280
Richfield, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 280 (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 11, 2024.

MINNESOTA LEGAL COMPLIANCE

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

PURPOSE OF THIS REPORT

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

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

Minneapolis, Minnesota
December 11, 2024

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

A. SUMMARY OF AUDIT RESULTS

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

Financial Statements

What type of auditor's report is issued?

	X	Unmodified
		Qualified
		Adverse
		Disclaimer

Internal control over financial reporting;

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

Federal Awards

Internal controls over major federal award programs:

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

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

U.S. Department of Agriculture – Child nutrition cluster	Unmodified
U.S. Department of Education – Title I Grants to Local Educational Agencies	Unmodified
U.S. Department of Education – Special education cluster	Unmodified

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

Programs tested as major programs:

Program or Cluster	Federal ALN
U.S. Department of Education – Child nutrition cluster consisting of:	
National School Lunch Program	10.555
School Breakfast Program	10.553
Fresh Fruit and Vegetable Program	10.582
U.S. Department of Education – Title I Grants to Local Educational Agencies	84.010
U.S. Department of Education – Special education cluster consisting of:	
Special Education Grants to States	84.027
Special Education Preschool Grants	84.173
Threshold for distinguishing type A and B programs	$ 750,000

Does the auditee quality as low-risk auditee?		Yes	X	No

B. FINANCIAL STATEMENT FINDINGS

None.

C. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE – U.S. DEPARTMENT OF AGRICULTURE, PASSED THROUGH MINNESOTA DEPARTMENT OF EDUCATION, CHILD NUTRITION CLUSTER – FEDERAL ALN 10.555, 10.553, AND 10.582

2024-001 Internal Control Over Compliance With Federal Suspension and Debarment Requirements

Criteria – 2 CFR § 180 requires Independent School District No. 280 (the District) to establish and maintain effective internal control over compliance with requirements applicable to federal program expenditures, including suspension and debarment requirements applicable to child nutrition cluster federal programs.

Condition – During our audit, we noted the District did not have sufficient controls in place within its child nutrition cluster to assure that it was not contracting for goods or services with parties that are suspended or debarred, or whose principals are suspended or debarred from participating in contracts involving the expenditures of federal program funds.

Questioned Costs – None. Our testing did not indicate any instances of noncompliance with this requirement.

Context – The District did not obtain appropriate documentation for one of four contracts tested to ensure the vendor was not suspended or debarred from participation in federal program contracts. This was not a statistically valid sample.

Repeat Finding – This is a current year and prior year finding.

Cause – The District's internal controls over suspension and debarment review and documentation failed to account for one vendor paid with child nutrition funds that was not anticipated to exceed the $25,000 threshold.

Effect – Noncompliance with the procurement requirements could result in the District expending federal funds inappropriately or utilizing vendors that are not eligible to be parties to such transactions, which could be viewed as a violation of the award agreement.

Recommendation – We recommend that the District review its internal control procedures relating to suspension and debarment applicable to child nutrition cluster federal programs. Internal controls over compliance for this area should include verification that any vendor with which the District contracts for goods or services exceeding $25,000 is not listed as suspended or debarred on the federal Excluded Parties List System website.

View of Responsible Official and Planned Corrective Actions – The District agrees with the finding. The District has reviewed and updated its policies and procedures relating to suspension and debarment applicable to child nutrition cluster federal programs to ensure compliance with the Uniform Guidance in the future. The District has separately issued a Corrective Action Plan related to this finding.

D. MINNESOTA LEGAL COMPLIANCE FINDINGS

None.

INDEPENDENT SCHOOL DISTRICT NO. 280

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

		Audit	UFARS	Audit – UFARS
General Fund				
Total revenue		$ 81,922,698	$ 81,922,698	$ –
Total expenditures		$ 80,876,822	$ 80,876,822	$ –
Nonspendable				
460	Nonspendable fund balance	$ 535,311	$ 535,311	$ –
Restricted				
401	Student activities	$ 88,766	$ 88,766	$ –
402	Scholarships	$ 456,964	$ 456,964	$ –
403	Staff development	$ –	$ –	$ –
407	Capital projects levy	$ 836,265	$ 836,265	$ –
408	Cooperative revenue	$ –	$ –	$ –
413	Literacy incentive aid	$ 136,889	$ 136,889	$ –
414	Operating debt	$ –	$ –	$ –
416	Levy reduction	$ –	$ –	$ –
417	Taconite building maintenance	$ –	$ –	$ –
420	American Indian education aid	$ –	$ –	$ –
424	Operating capital	$ 481,716	$ 481,716	$ –
426	$25 taconite	$ –	$ –	$ –
427	Disabled accessibility	$ –	$ –	$ –
428	Learning and development	$ –	$ –	$ –
434	Area learning center	$ 705,624	$ 705,624	$ –
435	Contracted alternative programs	$ –	$ –	$ –
436	State approved alternative program	$ –	$ –	$ –
438	Gifted and talented	$ –	$ –	$ –
439	English learner	$ –	$ –	$ –
440	Teacher development and evaluation	$ –	$ –	$ –
441	Basic skills programs	$ 854,441	$ 854,441	$ –
443	School library aid	$ –	$ –	$ –
448	Achievement and integration	$ –	$ –	$ –
449	Safe schools levy	$ –	$ –	$ –
451	QZAB payments	$ –	$ –	$ –
452	OPEB liability not in trust	$ –	$ –	$ –
453	Unfunded severance and retirement levy	$ –	$ –	$ –
459	Basic skills extended time	$ –	$ –	$ –
467	Long-term facilities maintenance	$ 1,003,466	$ 1,003,466	$ –
471	Student support personnel	$ –	$ –	$ –
472	Medical Assistance	$ 178,074	$ 178,074	$ –
464	Restricted fund balance	$ –	$ –	$ –
475	Title VII – impact aid	$ –	$ –	$ –
476	PILT	$ –	$ –	$ –
Committed				
418	Committed for separation	$ –	$ –	$ –
461	Committed fund balance	$ –	$ –	$ –
Assigned				
462	Assigned fund balance	$ 5,259,100	$ 5,259,100	$ –
Unassigned				
422	Unassigned fund balance	$ 8,123,103	$ 8,123,103	$ –
Food Service				
Total revenue		$ 3,949,403	$ 3,949,403	$ –
Total expenditures		$ 3,729,581	$ 3,729,581	$ –
Nonspendable				
460	Nonspendable fund balance	$ 32,945	$ 32,945	$ –
Restricted				
452	OPEB liability not in trust	$ –	$ –	$ –
464	Restricted fund balance	$ 909,330	$ 909,330	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –
Community Service				
Total revenue		$ 2,322,903	$ 2,322,904	$ (1)
Total expenditures		$ 2,258,199	$ 2,258,199	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
426	$25 taconite	$ –	$ –	$ –
431	Community education	$ (127,614)	$ (127,614)	$ –
432	ECFE	$ 54,212	$ 54,212	$ –
440	Teacher development and evaluation	$ –	$ –	$ –
444	School readiness	$ 351,198	$ 351,198	$ –
447	Adult basic education	$ –	$ –	$ –
452	OPEB liability not in trust	$ –	$ –	$ –
464	Restricted fund balance	$ 79,828	$ 79,828	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –

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

		Audit	UFARS	Audit – UFARS
Building Construction				
Total revenue		$ 189,133	$ 189,133	$ –
Total expenditures		$ 1,834,310	$ 1,834,310	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
407	Capital projects levy	$ –	$ –	$ –
413	Projects funded by COP	$ –	$ –	$ –
467	Long-term facilities maintenance	$ –	$ –	$ –
464	Restricted fund balance	$ 4,161,110	$ 4,161,110	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –
Debt Service				
Total revenue		$ 8,086,344	$ 8,086,343	$ 1
Total expenditures		$ 7,949,447	$ 7,949,447	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
425	Bond refundings	$ –	$ –	$ –
433	Maximum effort loan	$ –	$ –	$ –
451	QZAB payments	$ –	$ –	$ –
467	Long-term facilities maintenance	$ –	$ –	$ –
464	Restricted fund balance	$ 1,787,165	$ 1,787,165	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –
Trust				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
401	Student activities	$ –	$ –	$ –
402	Scholarships	$ –	$ –	$ –
422	Net position	$ –	$ –	$ –
Custodial				
Total revenue		$ 30,570	$ 30,570	$ –
Total expenditures		$ 9,075	$ 9,075	$ –
401	Student activities	$ –	$ –	$ –
402	Scholarships	$ 67,429	$ 67,429	$ –
448	Achievement and integration	$ –	$ –	$ –
464	Restricted fund balance	$ –	$ –	$ –
Internal Service				
Total revenue		$ 8,725,964	$ 8,725,964	$ –
Total expenditures		$ 8,284,778	$ 8,284,777	$ 1
422	Net position	$ 4,262,586	$ 4,262,586	$ –
OPEB Revocable Trust Fund				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
422	Net position	$ –	$ –	$ –
OPEB Irrevocable Trust Fund				
Total revenue		$ 364,779	$ 364,778	$ 1
Total expenditures		$ 476,577	$ 476,577	$ –
422	Net position	$ 7,177,610	$ 7,177,611	$ (1)
OPEB Debt Service Fund				
Total revenue		$ 2,013,317	$ 2,013,317	$ –
Total expenditures		$ 2,025,100	$ 2,025,100	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
425	Bond refundings	$ –	$ –	$ –
464	Restricted fund balance	$ 377,081	$ 377,081	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –

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

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