

ANNUAL FINANCIAL REPORT

INDEPENDENT SCHOOL DISTRICT NO.
2144 CHISAGO CITY, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2024

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Chisago City, Minnesota
Annual Financial Report
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INTRODUCTORY SECTION
INDEPENDENT SCHOOL DISTRICT NO. 2144
CHISAGO CITY, MINNESOTA

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JUNE 30, 2024

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Independent School District No. 2144
Chisago City, Minnesota
Board of Education and Administration
For the Year Ended June 30, 2024

BOARD OF EDUCATION

<u>Name</u>	<u>Title</u>
Lori Berg	Chairperson
Jeff Lindeman	Vice-Chairperson
Jen Penzenstadler	Clerk
Brenda Carlson	Treasurer
Josh Soderlund	Director
Sarah Aadland	Director

ADMINISTRATION

Brian Dietz	Superintendent
Robyn Vosberg-Torgerson	Director of Business Services

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FINANCIAL SECTION
INDEPENDENT SCHOOL DISTRICT NO. 2144
CHISAGO CITY, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Independent School District No. 2144
Chisago City, Minnesota

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Independent School District No. 2144 (the District), Chisago City, Minnesota, 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 the budgetary comparison for the General fund for the year then ended in conformity 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 17, the Schedules of Employer's Share of the Net Pension Liability and the Schedules of Employer's Contributions for Defined Benefit Plans, and the Schedules of Changes in the District's Net OPEB Liability and Related Ratios and Schedule of District Other Post-Employment Benefit Contributions starting on page 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual fund financial statements, schedules, table and schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining and individual fund financial statements, schedules, table and schedule of expenditures of federal awards are fairly stated, in all material respects in relation to the basic financial statements as a whole.



Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Abdo
Minneapolis, Minnesota
December 13, 2024



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Management's Discussion and Analysis

As management of the Independent School District No. 2144 (the District), Chisago City, Minnesota, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024.

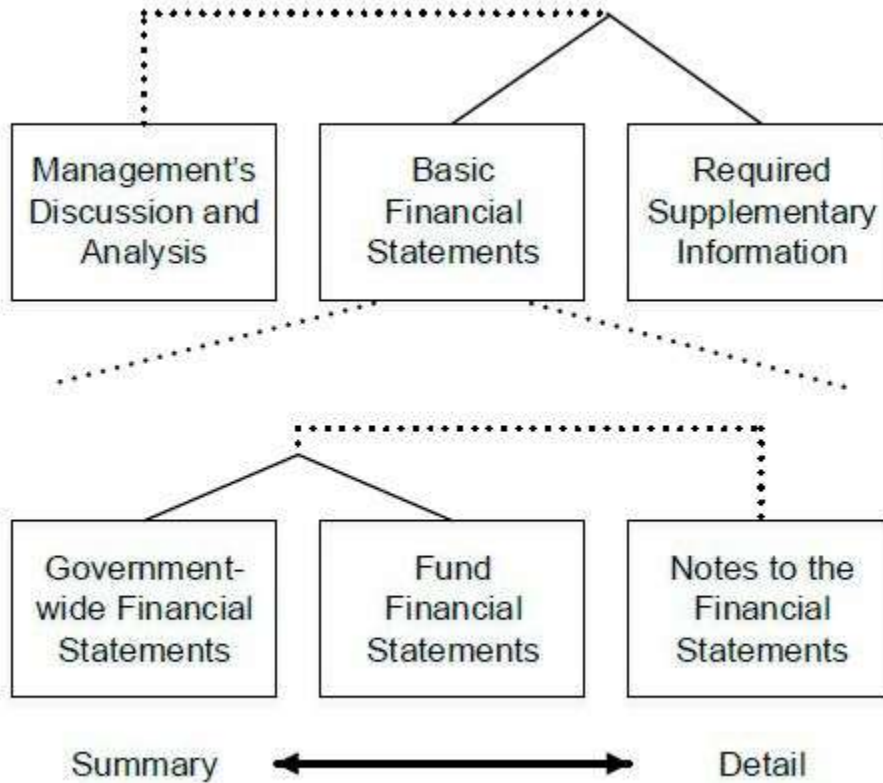
Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year as shown in the summary of net position on the following pages.
- The District's total net position increased as shown in the summary of changes in net position on the following pages. This increase can be attributed to an increase in state aid-formula grants and overall revenues in excess of District expenses.
- As of the close of the current fiscal year, the District's governmental fund balances are shown in the Financial Analysis of the District's funds section of the MD&A. The total fund balance increased in comparison with the prior year. This increase is primarily due to positive budget variances in all program expense categories.
- At the end of the current fiscal year, total fund balance for the General fund, as shown in the analysis of the District's funds section, increased from prior year.
- The District's total long-term debt decreased during the year due to regularly scheduled bond principal payments.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) District-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplemental information in addition to the basic financial statements themselves. The following chart shows how the various parts of this annual report are arranged and related to one another:

Organization of Independent School District No. 2144 Annual Financial Report



The following chart summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-wide and Fund Financial Statements

	Fund Financial Statements		
	District-wide Statements	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balance 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflow/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of in flow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Financial Statements. The *district-wide financial statements* are designed to provide readers with a broad overview of the District’s finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District’s assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the District’s overall health, you need to consider additional non-financial indicators such as changes in the District’s property tax base and condition of school buildings and other facilities.

The *statement of activities* presents information showing how the District’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

In the district-wide financial statements, the District activities are shown in one category titled “governmental activities”:

Governmental Activities: The District’s basic services are reported here, including regular and special education, transportation, administration, food services, and community education. Property taxes and state aids finance most of these activities.

The district-wide financial statements start on page 30 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a District’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact by the District’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General and the Debt Service funds, both of which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for its General fund, Food Service fund, Community Service fund and Debt Service fund. A budgetary comparison statement or schedule has been provided for all of the listed funds to demonstrate compliance with this budget.

The basic governmental fund financial statements start on page 34 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the district-wide financial statements because the resources of those funds are not available to support the District’s own programs. 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.

The basic fiduciary fund financial statements can be found on page 39 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements start on page 41 of this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the District’s progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found on page 72 of this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements. Combining and individual fund financial statements, schedules and table start on page 82 of this report.

District-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources as shown in the summary of net position below at the close of the most recent fiscal year.

Independent School District No. 2144's Net Position

	Governmental Activities		
	2024	2023	Increase (Decrease)
Assets			
Current and other assets	\$ 28,441,486	\$ 26,265,480	\$ 2,176,006
Capital assets (net of depreciation)	96,132,849	98,710,228	(2,577,379)
Total Assets	<u>124,574,335</u>	<u>124,975,708</u>	<u>(401,373)</u>
Deferred Outflows of Resources	<u>7,380,793</u>	<u>9,588,016</u>	<u>(2,207,223)</u>
Liabilities			
Noncurrent liabilities outstanding	91,676,007	95,502,816	(3,826,809)
Other liabilities	6,203,974	5,836,906	367,068
Total Liabilities	<u>97,879,981</u>	<u>101,339,722</u>	<u>(3,459,741)</u>
Deferred Inflows of Resources	<u>13,044,245</u>	<u>16,508,426</u>	<u>(3,464,181)</u>
Net Position			
Net investment in capital assets	37,432,495	36,730,472	702,023
Restricted	6,651,665	4,776,413	1,875,252
Unrestricted	<u>(23,053,258)</u>	<u>(24,791,309)</u>	<u>1,738,051</u>
Total Net Position	<u>\$ 21,030,902</u>	<u>\$ 16,715,576</u>	<u>\$ 4,315,326</u>
Net Position as a Percent of Total			
Net investment in capital assets	177.99 %	219.74 %	
Restricted	31.63	28.57	
Unrestricted	<u>(109.62)</u>	<u>(148.31)</u>	
Total	<u>100.00 %</u>	<u>100.00 %</u>	

A portion of the District's net position reflects its net investment in capital assets. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. At the end of the current fiscal year, the District reports a positive balance in net investment in capital asset and restricted categories of net position, and a negative balance in the unrestricted category.

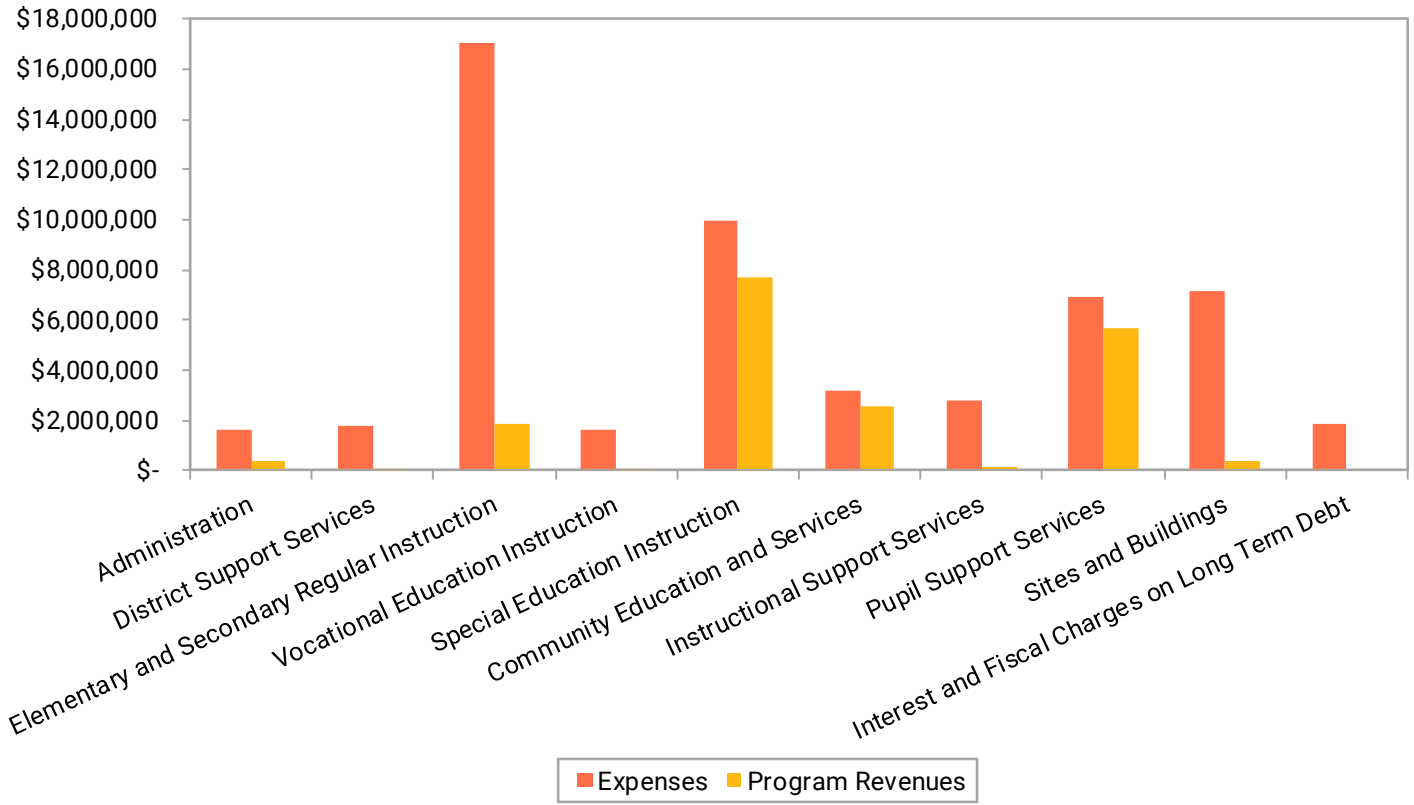
Governmental Activities. Governmental activities increased the District’s net position as shown below in the summary of changes in net position. Key elements of this increase are shown in the table below.

Independent School District No. 2144’s Changes in Net Position

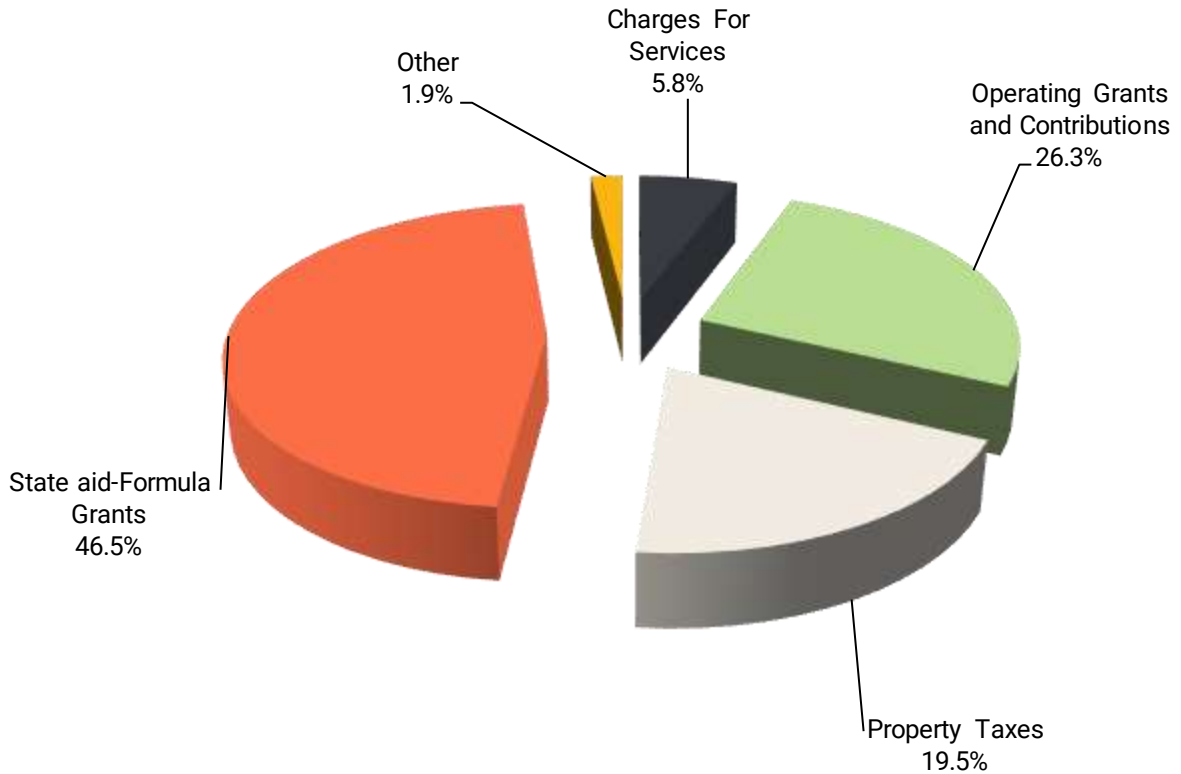
	Governmental activities		
	2024	2023	Increase (Decrease)
Revenue			
Program revenue			
Charges for services	\$ 3,390,714	\$ 3,857,173	\$ (466,459)
Operating grants and contributions	15,358,777	14,615,902	742,875
General revenue			
Property taxes	11,385,444	11,122,683	262,761
State aid-formula grants	27,075,397	25,779,578	1,295,819
Other general revenues and investment earnings	1,122,357	867,892	254,465
Total Revenue	<u>58,332,689</u>	<u>56,243,228</u>	<u>2,089,461</u>
Expenses			
Administration	1,609,510	1,351,275	258,235
District support services	1,770,113	1,498,598	271,515
Elementary and secondary regular instruction	17,064,810	14,341,242	2,723,568
Vocational education instruction	1,628,147	1,110,750	517,397
Special education instruction	10,007,498	8,547,855	1,459,643
Community education and services	3,167,483	2,467,600	699,883
Instructional support services	2,788,284	2,663,412	124,872
Pupil support services	6,961,401	6,374,953	586,448
Sites and buildings	7,192,596	7,698,256	(505,660)
Interest and fiscal charges on long term debt	1,827,521	1,965,417	(137,896)
Total Expenses	<u>54,017,363</u>	<u>48,019,358</u>	<u>5,998,005</u>
Change in Net Position	4,315,326	8,223,870	(3,908,544)
Net Position, July 1	<u>16,715,576</u>	<u>8,491,706</u>	<u>8,223,870</u>
Net Position, June 30	<u>\$ 21,030,902</u>	<u>\$ 16,715,576</u>	<u>\$ 4,315,326</u>

- Total revenues increased \$2,089,461 during the year mainly due to an increase in both state-aid formula grants and operating grants and contributions from the prior year.
- Total expenses increased \$5,998,005 during the year. The main reason for the increase is mainly due to the prior year decrease in government-wide expenses in relation to the decrease in net pension liability. The District had a negative pension expense, or reduction in expenses in the prior year of \$4,356,212.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The table below outlines the governmental fund balances for the year ending June 30, 2024.

	General	Debt Service	Other Governmental Funds	Total	Prior Year Total	Increase/ Decrease
Fund Balances						
Nonspendable	\$ 499,644	\$ -	\$ 79,666	\$ 579,310	\$ 982,631	\$ (403,321)
Restricted	4,191,518	1,334,867	1,801,383	7,327,768	5,528,699	1,799,069
Assigned	1,307,578	-	-	1,307,578	1,396,187	(88,609)
Unassigned	3,014,010	-	-	3,014,010	2,716,236	297,774
Total Fund Balances	<u>\$ 9,012,750</u>	<u>\$1,334,867</u>	<u>\$ 1,881,049</u>	<u>\$ 12,228,666</u>	<u>\$ 10,623,753</u>	<u>\$1,604,913</u>

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances shown above. Additional information on the purposes of the District's fund balances can be found in Note 3E starting on page 55 of this report.

The General fund is the chief operating fund of the District. At the end of the current year, the fund balance of the General fund is shown in the table above. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The total unassigned fund balances as a percent of total fund expenditures is shown in the chart below along with total fund balance as a percent of total expenditures.

	Current Year Ending Balance	Prior Year Ending Balance	Increase / (Decrease)
General Fund Fund Balances			
Nonspendable	\$ 499,644	\$ 908,147	\$ (408,503)
Restricted	4,191,518	2,669,479	1,522,039
Assigned	1,307,578	1,396,187	(88,609)
Unassigned	3,014,010	2,716,236	297,774
Total	<u>\$ 9,012,750</u>	<u>\$ 7,690,049</u>	<u>\$ 1,322,701</u>
General Fund Expenditures	\$ 45,513,327	\$ 46,462,179	
Unassigned Fund Balance as a Percent of Expenditures	6.6%	5.8%	
Total Fund Balance as a Percent of Expenditures	19.8%	16.6%	

The fund balance of the District's General fund increased during the current fiscal year as shown in the table above. This increase is primarily the result of increase in revenues from state aid-formula grants and operating grants and contributions and positive expenditure variances in relation to budget.

General Fund Budgetary Highlights

	Original Budgeted Amounts	Budget Amendments	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget
Revenues	\$ 44,951,561	\$ 2,286,817	\$ 47,238,378	\$ 46,823,949	\$ (414,429)
Expenditures	45,500,424	2,335,834	47,836,258	45,513,327	2,322,931
Excess (Deficiency) of Revenues Over (Under) Expenditures	(548,863)	(49,017)	(597,880)	1,310,622	1,908,502
Other Financing Sources (Uses)	-	-	-	12,079	12,079
Net Change in Fund Balances	(548,863)	(49,017)	(597,880)	1,322,701	1,920,581
Fund Balances, July 1	7,690,049	-	7,690,049	7,690,049	-
Fund Balances, June 30	<u>\$ 7,141,186</u>	<u>\$ (49,017)</u>	<u>\$ 7,092,169</u>	<u>\$ 9,012,750</u>	<u>\$ 1,920,581</u>

The District's General fund budget was amended during the year as shown above. The budget amendment increased revenues mostly relating to revenue from state sources and revenue from local sources and increased expenditures relating to special education instruction and others.

Other Major Funds

	June 30, 2024	June 30, 2023	Increase (Decrease)
Debt Service	\$1,334,867	\$1,056,494	\$ 278,373
<i>The ending fund balance increased during the year mainly due to current year revenues from taxes and other in excess of current year debt service expenses.</i>			

Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2024, is shown below in the capital asset table (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and equipment.

Independent School District No. 2144's Capital Assets

(Net of Accumulated Depreciation)

	Governmental Activities		
	2024	2023	Increase (Decrease)
Land	\$ 2,577,828	\$ 2,577,828	\$ -
Land Improvements	1,387,544	1,395,642	(8,098)
Buildings	90,612,565	93,280,490	(2,667,925)
Equipment	1,554,912	1,456,268	98,644
Total	<u>\$ 96,132,849</u>	<u>\$ 98,710,228</u>	<u>\$ (2,577,379)</u>
Percent increase (decrease)			-2.6%

Additional information on the District's capital assets can be found in Note 3C on page 52 of this report.

Noncurrent Liabilities. At the end of the current fiscal year, the District had the following noncurrent liabilities outstanding.

Independent School District No. 2144's Noncurrent Liabilities

	Governmental Activities		
	2024	2023	Increase (Decrease)
Bonds Payable	\$ 58,700,425	\$ 61,979,825	\$ (3,279,400)
Percent increase (decrease)			-5.3%

Additional information on the District's noncurrent liabilities can be found in Note 3D on page 53 of this report.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could significantly affect its financial health in the future.

- The basic general education aid amount per pupil was increased to \$7,281 (a 2% increase) for the 2024-25 fiscal year. Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs, due to increased costs from inflation and required mandates. The District will strive to maintain its long-standing commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility. The District will continue to use the long-range financial model and annual budget framework to ensure that expenditures are aligned with revenues. Efforts will continue to be made to influence legislators to recommit to their financial support for public education.
- The amount of aid the District receives is dependent on the number of students it serves, meaning attracting and retaining students is critical to the District's financial well-being. Students choosing to enroll in other educational options will mean less revenue for the District.
- The 2023 Legislature modified state statutes relating to operating levy referendums and renewal by school board. A school board may renew an expiring referendum by board action if: (1) the per pupil amount of the referendum is the same as the amount expiring, or for an expiring referendum that was adjusted annually by the rate of inflation, the same as the per pupil amount of the expiring referendum, adjusted annually for inflation in the same manner as if the expiring referendum had continued; (2) the term of the renewed referendum is no longer than the initial term approved by the voters; (3) the school board, having taken a recorded vote, has adopted a written resolution authorizing the renewal after holding a meeting and allowing public testimony on the proposed renewal; and (4) the expiring referendum has not been previously renewed under this subdivision. (b) The resolution must be adopted by the school board by June 15 of any calendar year and becomes effective 60 days after its adoption.
- The District has a voter approved operating levy of \$225 per pupil unit that expires in 2024 and the school board renewed that levy at the June 6, 2023 school board meeting. The school board requested an increase of the operating levy in November of 2022 and November of 2023 that both failed. After budget reductions implemented in the FY 25 budget, the school board will need to give consideration to further budget reductions.
 - The District's enrollment had been trending down in recent years . District enrollment increased in FY22 (8.59) declined slightly in FY23 (-1.26) and declined again in FY24 (-34.86). The Districts total ADM (Average Daily Membership) for 2021-22 was 3,322.64, total ADM for 2022-23 was 3,321.38 and the total ADM;s for 2023-24 was 3,286.52. The District's total PUN (Pupil Units) for 2022-23 was 3,633.77, and the total PUN for 2023-24 3,591.11, a decrease of 42.66. At the present time, the District's current year (2024-25) enrollment is decreasing. November 2024 enrollment is 4 students higher than the June 2024 enrollment, but 10 below the budgeted enrollment for the year.

These factors were considered in preparing the District's budget for the 2025 fiscal year and are already being considered when preparing the budget for the 2026 fiscal year.

Requests for Information

This financial report is designed to provide the District's 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. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Business Services, Independent School District No. 2144, 29678 Karmel Ave., Chisago City, Minnesota 55013.

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DISTRICT-WIDE FINANCIAL STATEMENTS
INDEPENDENT SCHOOL DISTRICT NO. 2144
CHISAGO CITY, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2024

Independent School District No. 2144

Chisago City, Minnesota
 Statement of Net Position
 June 30, 2024

	<u>Governmental Activities</u>
Assets	
Cash and temporary investments	\$ 15,959,183
Receivables	
Taxes	7,526,577
Accounts	30,862
Interest	25,033
Due from other school districts	672,505
Due from Minnesota Department of Education	3,356,894
Due from Federal government	291,122
Inventories	87,450
Prepaid items	491,860
Capital assets	
Land and construction in process	2,577,828
Depreciable assets, net of accumulated depreciation	93,555,021
Total Assets	<u>124,574,335</u>
Deferred Outflows of Resources	
Deferred pension resources	6,560,240
Deferred other post employment benefit resources	820,553
Total Deferred Outflows of Resources	<u>7,380,793</u>
Liabilities	
Accrued salaries payable	3,857,482
Accounts and other payables	487,531
Due to other governments	498,869
Accrued interest payable	797,777
Unearned revenue	562,315
Noncurrent liabilities	
Due within one year	
Long-term liabilities	3,422,408
Due in more than one year	
Long-term liabilities	56,674,203
Other postemployment benefits payable	1,927,722
Net pension liability	29,651,674
Total Liabilities	<u>97,879,981</u>
Deferred Inflows of Resources	
Property taxes levied for subsequent year	10,713,038
Deferred pension resources	2,112,473
Deferred other post employment benefit resources	218,734
Total Deferred Inflows of Resources	<u>13,044,245</u>
Net Position	
Net investment in capital assets	37,432,495
Restricted for	
Educational purposes	4,843,995
Debt service	579,169
Food service	1,228,501
Unrestricted	<u>(23,053,258)</u>
Total Net Position	<u>\$ 21,030,902</u>

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

Independent School District No. 2144

Chisago City, Minnesota

Statement of Activities

For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position
					Governmental Activities
Governmental Activities					
Administration	\$ 1,609,510	\$ 10,715	\$ 354,052	\$ -	\$ (1,244,743)
District support services	1,770,113	-	17,099	-	(1,753,014)
Elementary and secondary regular instruction	17,064,810	740,467	1,092,557	-	(15,231,786)
Vocational education instruction	1,628,147	-	88,725	-	(1,539,422)
Special education instruction	10,007,498	-	7,671,536	-	(2,335,962)
Community education and services	3,167,483	2,095,383	438,635	-	(633,465)
Instructional support services	2,788,284	2,321	126,009	-	(2,659,954)
Pupil support services	6,961,401	541,828	5,166,173	-	(1,253,400)
Sites and buildings	7,192,596	-	403,991	-	(6,788,605)
Interest and fiscal charges on long term debt	1,827,521	-	-	-	(1,827,521)
Total Governmental Activities	\$ 54,017,363	\$ 3,390,714	\$ 15,358,777	\$ -	(35,267,872)
General Revenues					
Taxes					
					6,053,540
					339,990
					4,991,914
					27,075,397
					335,990
					786,367
					<u>39,583,198</u>
					Change in Net Position 4,315,326
					Net Position, July 1 <u>16,715,576</u>
					Net Position, June 30 <u>\$ 21,030,902</u>

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

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FUND FINANCIAL STATEMENTS
INDEPENDENT SCHOOL DISTRICT NO. 2144
CHISAGO CITY, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2024

Independent School District No. 2144

Chisago City, Minnesota

Balance Sheet

Governmental Funds

June 30, 2024

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and temporary investments	\$ 10,515,789	\$ 3,047,076	\$ 2,396,318	\$ 15,959,183
Receivables				
Taxes	3,950,243	3,353,730	222,604	7,526,577
Accounts	28,786	-	2,076	30,862
Interest	18,204	2,327	4,502	25,033
Due from other school districts	672,505	-	-	672,505
Due from Minnesota Department of Education	3,256,025	32,263	68,606	3,356,894
Due from the Federal government	284,295	-	6,827	291,122
Inventories	7,784	-	79,666	87,450
Prepaid items	491,860	-	-	491,860
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 19,225,491</u>	<u>\$ 6,435,396</u>	<u>\$ 2,780,599</u>	<u>\$ 28,441,486</u>
Liabilities				
Accrued salaries payable	\$ 3,730,540	\$ -	\$ 126,942	\$ 3,857,482
Accounts and other payables	413,780	-	73,751	487,531
Due to other governments	497,499	-	1,370	498,869
Unearned revenue	202,392	-	359,923	562,315
Total Liabilities	<u>4,844,211</u>	<u>-</u>	<u>561,986</u>	<u>5,406,197</u>
Deferred Inflows of Resources				
Unavailable revenue - delinquent property taxes	48,401	42,079	3,105	93,585
Property taxes levied for subsequent year	5,320,129	5,058,450	334,459	10,713,038
Total Deferred Inflows of Resources	<u>5,368,530</u>	<u>5,100,529</u>	<u>337,564</u>	<u>10,806,623</u>
Fund Balances				
Nonspendable	499,644	-	79,666	579,310
Restricted	4,191,518	1,334,867	1,801,383	7,327,768
Assigned	1,307,578	-	-	1,307,578
Unassigned	3,014,010	-	-	3,014,010
Total Fund Balances	<u>9,012,750</u>	<u>1,334,867</u>	<u>1,881,049</u>	<u>12,228,666</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 19,225,491</u>	<u>\$ 6,435,396</u>	<u>\$ 2,780,599</u>	<u>\$ 28,441,486</u>

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

Independent School District No. 2144

Chisago City, Minnesota

Reconciliation of the Balance Sheet

to the Statement of Net Position

Governmental Funds

June 30, 2024

Amounts reported for governmental activities in the statement of net position are different because

Total Fund Balances - Governmental Funds	\$ 12,228,666
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	169,417,590
Less: accumulated depreciation	(73,284,741)
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Noncurrent liabilities at year-end consist of	
Compensated absences payable	(1,396,186)
Other post employment benefits payable	(1,927,722)
Bond payable, net of premium	(58,700,425)
Net pension liability	(29,651,674)
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	93,585
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	6,560,240
Deferred inflows of pension resources	(2,112,473)
Governmental funds do not report long-term amounts related to other post employment benefits.	
Deferred outflows of other post employment benefits	820,553
Deferred inflows of other post employment benefits	(218,734)
Governmental funds do not report a liability for accrued interest until due and payable.	<u>(797,777)</u>
Total Net Position - Governmental Activities	<u>\$ 21,030,902</u>

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

Independent School District No. 2144
Chisago City, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues				
Local property tax levies	\$ 6,027,145	\$ 4,991,914	\$ 339,990	\$ 11,359,049
Interest earned on investments	532,617	131,820	121,930	786,367
Revenue from local sources	2,683,265	-	2,319,024	5,002,289
Revenue from state sources	37,033,855	322,628	1,753,508	39,109,991
Revenue from federal sources	545,392	-	973,315	1,518,707
Sales and other conversion of assets	1,675	-	275,381	277,056
Total Revenues	<u>46,823,949</u>	<u>5,446,362</u>	<u>5,783,148</u>	<u>58,053,459</u>
Expenditures				
Current				
Administration	1,691,971	-	-	1,691,971
District support services	1,478,760	-	-	1,478,760
Elementary and secondary regular instruction	18,063,692	-	132,469	18,196,161
Vocational education instruction	1,725,304	-	-	1,725,304
Special education instruction	10,283,924	-	-	10,283,924
Community education and services	-	-	3,121,991	3,121,991
Instructional support services	2,858,302	-	-	2,858,302
Pupil support services	4,567,535	-	2,348,502	6,916,037
Sites and buildings	3,627,974	-	-	3,627,974
Capital outlay				
District support services	270,250	-	-	270,250
Elementary and secondary regular instruction	154,663	-	-	154,663
Vocational education instruction	13,201	-	-	13,201
Community education and services	-	-	1,971	1,971
Instructional support services	152,091	-	-	152,091
Pupil support services	-	-	174,376	174,376
Sites and buildings	625,520	-	-	625,520
Debt service				
Principal	-	3,105,000	-	3,105,000
Interest and other charges	140	2,062,989	-	2,063,129
Total Expenditures	<u>45,513,327</u>	<u>5,167,989</u>	<u>5,779,309</u>	<u>56,460,625</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,310,622	278,373	3,839	1,592,834
Other Financing Sources (Uses)				
Insurance recovery	12,079	-	-	12,079
Net Change in Fund Balances	1,322,701	278,373	3,839	1,604,913
Fund Balances, July 1	<u>7,690,049</u>	<u>1,056,494</u>	<u>1,877,210</u>	<u>10,623,753</u>
Fund Balances, June 30	<u>\$ 9,012,750</u>	<u>\$ 1,334,867</u>	<u>\$ 1,881,049</u>	<u>\$ 12,228,666</u>

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

Independent School District No. 2144
Chisago City, Minnesota
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
Governmental Funds
For the Year Ended June 30, 2024

Amounts reported for governmental activities in the statement of activities are different because

Total Net Change in Fund Balances - Governmental Funds	\$ 1,604,913
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.</p>	
Capital outlays	777,255
Depreciation expense	(3,354,634)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.</p>	
Bond principal repayments	3,105,000
Amortization of premiums on bonds	174,400
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>	
	61,208
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	1,744,200
Pension revenue	240,756
<p>Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.</p>	
	26,395
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Compensated absences	55,425
Other postemployment benefits	(119,592)
	4,315,326
Change in Net Position - Governmental Activities	\$ 4,315,326

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

Independent School District No. 2144
Chisago City, Minnesota
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Local property tax levies	\$ 5,415,285	\$ 5,739,765	\$ 6,027,145	\$ 287,380
Interest earned on investments	340,100	478,100	532,617	54,517
Revenue from local sources	2,588,229	2,938,449	2,683,265	(255,184)
Revenue from state sources	36,062,818	37,542,922	37,033,855	(509,067)
Revenue from federal sources	514,129	508,142	545,392	37,250
Sales and other conversion of assets	31,000	31,000	1,675	(29,325)
Total Revenues	<u>44,951,561</u>	<u>47,238,378</u>	<u>46,823,949</u>	<u>(414,429)</u>
Expenditures				
Current				
Administration	1,807,713	1,707,303	1,691,971	15,332
District support services	1,604,832	1,656,712	1,478,760	177,952
Elementary and secondary regular instruction	19,663,877	18,560,672	18,063,692	496,980
Vocational education instruction	1,153,618	1,727,070	1,725,304	1,766
Special education instruction	8,890,217	10,336,330	10,283,924	52,406
Instructional support services	2,519,741	2,932,265	2,858,302	73,963
Pupil support services	4,045,945	4,966,498	4,567,535	398,963
Sites and buildings	4,039,731	4,118,958	3,627,974	490,984
Fiscal and other fixed costs programs	-	181,000	-	181,000
Capital outlay				
District support services	293,000	293,000	270,250	22,750
Elementary and secondary regular instruction	191,800	172,700	154,663	18,037
Vocational education instruction	11,400	11,400	13,201	(1,801)
Instructional support services	208,550	282,850	152,091	130,759
Pupil support services	-	6,500	-	6,500
Sites and buildings	1,070,000	883,000	625,520	257,480
Debt service				
Interest and other charges	-	-	140	(140)
Total Expenditures	<u>45,500,424</u>	<u>47,836,258</u>	<u>45,513,327</u>	<u>2,322,931</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(548,863)	(597,880)	1,310,622	1,908,502
Other Financing Sources (Uses)				
Insurance recovery	-	-	12,079	12,079
Net Change in Fund Balances	(548,863)	(597,880)	1,322,701	1,920,581
Fund Balances, July 1	<u>7,690,049</u>	<u>7,690,049</u>	<u>7,690,049</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 7,141,186</u>	<u>\$ 7,092,169</u>	<u>\$ 9,012,750</u>	<u>\$ 1,920,581</u>

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

Independent School District No. 2144
Chisago City, Minnesota
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2024

	<u>Custodial</u>
Assets	
Cash and temporary investments	<u>\$ 38,403</u>
Net Postion	
Restricted for individuals and organizations	<u>\$ 38,403</u>

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

Independent School District No. 2144
 Chisago City, Minnesota
 Statement of Changes in Fiduciary Net Position
 Fiduciary Fund
 For the Year Ended June 30, 2024

	Custodial
Additions	
Contributions	
Gifts and bequests	\$ 51,535
Deductions	
Scholarships	28,250
Net Increase (Decrease) in Fiduciary Net Position	23,285
Fund Balances, July 1	15,118
Net Position, June 30	\$ 38,403

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

Independent School District No. 2144
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2024

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Independent School District No. 2144 (the District), Chisago City, Minnesota was incorporated under the laws of the State of Minnesota. The District operates under a Board of Education form of government for the purpose of providing educational services to individuals within the area. The District is governed by an elected Board of Education of six members. The District has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. The District has no component units that meet the GASB criteria.

B. District-wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment, taxes, state aid formula grants, and other items not properly included among program revenues are reported as *general revenues*.

Separate financial statements are provided for governmental funds and the fiduciary fund, even though the latter is excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor funds are reported in single columns in the respective fund financial statements.

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. State revenue is recognized in the year to which it applies according to Minnesota statutes and accounting principles generally accepted in the United States of America. Minnesota statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure was made. Other revenue is considered available if collected within one year.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, other postemployment benefits, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Independent School District No. 2144
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transaction must also be available before it can be recognized.

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Description of Funds

The various District funds have been established by the State of 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

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

The *Debt Service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Non-major Governmental Funds

The *Food Service special revenue fund* is used to account for food service revenues and expenditures. Revenues include contributions from state and federal sources as well as charges for services.

The *Community Service special revenue fund* accounts for services provided to and fees collected from residents in the areas of recreation, civic activities, non-public pupils, adult or early childhood programs or other similar services.

The *Building Construction capital projects fund* is used to account for all operations of building construction programs that are funded by the sale of bonds.

Fiduciary Funds

The *Custodial Fund* is accounts for the scholarships that are held in trust for the use of awarding scholarships to students.

As a general rule, the effect of interfund activity has been eliminated from the district-wide financial statements.

Independent School District No. 2144
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balances

Deposits and Investments

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

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

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

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks, corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

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

Independent School District No. 2144
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's recurring fair value measurements are listed in detail on page 48 and are valued using matrix pricing models (Level 2 inputs).

Property Taxes

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

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

Current property taxes receivable is the uncollected portion of the taxes levied in 2023 and collectible in 2024. This levy is offset with a deferred inflow of resources, property taxes levied for subsequent year. Delinquent property taxes receivable is the uncollected portion of the taxes levied prior to 2023 and not yet collected. Delinquent property taxes receivable is offset with a deferred inflow of resources, unavailable revenue delinquent property taxes.

Receivables

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. No allowance for uncollectible accounts has been recorded. The only receivable not expected to be collected within one year is current property taxes receivable.

Due from the Department of Education and Federal Government

Due from the Department of Education and Federal Government includes amounts billed for services provided before year end as well as amounts for expenditures that have been incurred before year end that will be reimbursed with state and federal funding. No substantial losses are anticipated from present receivable balances, therefore no allowance for uncollectible has been recorded.

Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both district-wide and fund financial statements.

Independent School District No. 2144
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the district-wide financial statements. Capital assets are defined by the District as assets with an initial, group or individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Donated capital assets are recorded at the acquisition value at the date of donation.

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

Assets	Useful Lives in Years
Buildings	20 - 50
Improvements other than Buildings	15 - 20
Equipment and Machinery	5 - 20

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items which qualify for reporting in this category. Accordingly, the items, deferred pension resources and deferred other postemployment benefit resources, are reported only in the statement of net position. These items result from actuarial calculations and current year pension contributions and OPEB contributions made subsequent to the measurement dates.

Compensated Absences Payable

Vacation Pay - Vacations taken or estimated to be taken within 60 days after year end are expensed and included in salaries payable as of June 30. Teachers are not eligible for vacation pay.

Sick Pay - Substantially all District employees are entitled to sick leave at various rates. Employees are not compensated for unused sick leave upon termination of employment. However, unused sick leave does enter into the calculation of an employee's severance pay upon termination.

Severance Pay - The District maintains severance pay plans for eligible employees. The benefit plan formulas are based on years of service (10 years) and minimum age requirements (age 55). The potential benefits payable are computed as follows:

Option A - Eligible teachers, upon retirement, shall receive as severance pay an amount representing five days of pay for each full year of full-time service, but not to exceed a total of 100 days of pay.

Option B - Eligible teachers, upon retirement, shall receive a severance pay based on the teacher's accrued unused disability leave up to a maximum of 100 days at the teacher's daily rate of pay.

Independent School District No. 2144
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Other Postemployment Benefits (OPEB) Obligation

Under Minnesota statute 471.61, subdivision 2b., public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees may obtain dependent coverage immediately before retirement. All premiums are funded on a pay-as-you-go basis. The liability was actuarially determined, in accordance with GASB Statement 75, at June 30, 2023. The General fund is typically used to liquidate the governmental other postemployment benefit obligations.

Pensions

Teachers Retirement Association (TRA)

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

TRA has a special funding situation created by direct aid contributions made by the State of Minnesota, City of Minneapolis and Minneapolis School District. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the State of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association (DTRFA) in 2015. The General fund is typically used to liquidate the governmental net pension liability. Additional information can be found in Note 4.

Public Employees Retirement Association (PERA)

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General fund is typically used to liquidate the governmental net pension liability.

The total pension expense for the General Employee Plan (GERP) and Teacher Retirement Association (TRA) is as follows:

	<u>GERP</u>	<u>TRA</u>	<u>Total All Plans</u>
District's proportionate share	\$ 1,043,454	\$ (761,059)	\$ 282,395
Proportionate share of State's contribution	636	240,120	240,756
 Total pension expense	 <u>\$ 1,044,090</u>	 <u>\$ (520,939)</u>	 <u>\$ 523,151</u>

Independent School District No. 2144
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Long-term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as an expense in the period incurred.

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

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item, which arises only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: delinquent property taxes and property taxes levied for subsequent year. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Furthermore, the District has additional items which qualify for reporting in this category on the statement of net position. The items, deferred pension resources and deferred other postemployment benefit resources, are reported only in the statement of net position and results from actuarial calculations involving net differences between projected and actual earnings on plan investments and changes in proportions.

Net Position

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

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted net position - Consists of net position balances restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net position - All other net position balances that do not meet the definition of "restricted" or "net investment in capital assets".

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

Independent School District No. 2144
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balance

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

Nonspendable - Amounts that cannot be spent because they are not in spendable form, such as prepaid items or inventories.

Restricted - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by Minnesota statutory provisions.

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the Board of Education, which is the District’s highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Board of Education modifies or rescinds the commitment by resolution.

Assigned - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the Board of Education itself or by an official to which the Board of Education delegates the authority. The Board of Education has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the Director of Business Services and/or Superintendent.

Unassigned - The residual classification for the General fund and also negative residual amounts in other funds.

The District considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District has formally adopted a fund balance policy for the General fund. The District’s policy is to maintain a minimum fund balance of 12 to 15 percent operating expenditures.

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

Budgets are prepared for District funds on the same basis and using the same accounting practices that are used in accounting and preparing financial statements for the funds for the General, Special Revenue and the Debt Service funds. The budget was amended during the year in all funds mentioned above.

The chart below outlines the budget amendments by fund.

Fund	Revenues Increased/(Decreased)	Expenditures Increased/(Decreased)	Overall Change
Major			
General	\$ 2,286,817	\$ 2,335,834	\$ (49,017)
Nonmajor			
Food Service	359,250	275,643	83,607
Community Service	112,529	175,558	(63,029)

Independent School District No. 2144
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2024

Note 2: Stewardship, Compliance and Accountability

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July 1, the budget is prepared by the Superintendent to be adopted by the Board of Education.
2. Budgets for all General, special revenue, and Debt Service funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).
3. Budgeted amounts are as originally adopted, or as amended.
4. Budget appropriations lapse at year end.
5. The legal level of control is the fund level.
6. The District does not use encumbrance accounting.

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2024, expenditures exceeded appropriations in the following funds:

Fund	Budget Amounts	Actual Amounts	Excess of Expenditures Over Appropriations
Nonmajor			
Food Service	\$ 2,425,296	\$ 2,522,878	\$ 97,582
Community Service	2,796,783	3,256,431	459,648

The excess of expenditures over appropriation were funded by actual revenues in excess of budget and available fund balances.

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

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

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

Independent School District No. 2144
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2024

Note 3: Detailed Notes on All Funds (Continued)

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency.

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

At year end, the District's carrying amount of deposits, bank balance, FDIC coverage and pledged collateral are shown in the chart below.

Carrying amount of deposits	<u>\$ 948,262</u>
Bank balance	944,190
Covered by FDIC	(250,000)
Collateralized with securities pledged in the District's name	<u>\$ 694,190</u>

Investments

The District's investment balances were as follows for June 30, 2024:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Balance June 30, 2024
Pooled Investments at Amortized Costs			
Minnesota School District Liquid Assets Funds	N/A	Less than 6 months	\$ 14,062,702
Term Investments Held by MSDLAF	N/A	Less than 6 months	945,000
Edward Jones Money Market Mutual Fund	N/A	Less than 6 months	<u>40,771</u>
Total Investments			<u>\$ 15,048,473</u>

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

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

N/A Indicated not applicable or available.

Independent School District No. 2144
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2024

Note 3: Detailed Notes on All Funds (Continued)

The investments of the District are subject to the following risks:

- *Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes limit the District’s investments to the list on page 43 of the notes.
- *Custodial Credit Risk.* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.
- *Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer.
- *Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

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

The investment in the Minnesota School District Liquid Asset Fund is not subject to the credit risk classifications as noted in paragraph 9 of GASB Statement No. 40. The District does not currently have an investment policy that addresses the risks described above.

A reconciliation of cash and temporary investments as shown on the financial statements for the District follows:

	Amount
As Reported in the Basic Financial Statements	
Statement of net position	\$ 15,959,183
Statement of fiduciary net position	38,403
Total	\$ 15,997,586
Cash and Temporary Investments	
Deposits	\$ 948,262
Petty cash	851
Investments	15,048,473
Total	\$ 15,997,586

B. Property Taxes Receivable

Current property taxes receivable are recorded for uncollected taxes levied in 2023 and payable in 2024. The total levy is deferred for subsequent years’ operations.

Delinquent property taxes receivable represents uncollected taxes from the previous six years’ property tax levies. Delinquent taxes have been offset by a deferred inflow of resources for delinquent taxes not received within 60 days after year end in the fund financial statements.

Independent School District No. 2144
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2024

Note 3: Detailed Notes on All Funds (Continued)

Taxes receivable by fund type is comprised of the following components:

	Major Funds		Other Governmental Funds	Total
	General	Debt Service		
Current Taxes	\$ 3,870,100	\$ 3,284,056	\$ 217,463	\$ 7,371,619
Delinquent Taxes	80,143	69,674	5,141	154,958
Total Reported Taxes Receivable	<u>\$ 3,950,243</u>	<u>\$ 3,353,730</u>	<u>\$ 222,604</u>	<u>\$ 7,526,577</u>

C. Capital Assets

Capital asset activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	<u>\$ 2,577,828</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,577,828</u>
Capital Assets Being Depreciated				
Land improvements	4,651,607	117,787	-	4,769,394
Buildings	137,873,367	309,811	-	138,183,178
Equipment	<u>23,537,533</u>	<u>349,657</u>	<u>-</u>	<u>23,887,190</u>
Total Capital Assets Being Depreciated	<u>166,062,507</u>	<u>777,255</u>	<u>-</u>	<u>166,839,762</u>
Less Accumulated Depreciation for				
Land improvements	(3,255,965)	(125,885)	-	(3,381,850)
Buildings	(44,592,877)	(2,977,736)	-	(47,570,613)
Equipment	<u>(22,081,265)</u>	<u>(251,013)</u>	<u>-</u>	<u>(22,332,278)</u>
Total Accumulated Depreciation	<u>(69,930,107)</u>	<u>(3,354,634)</u>	<u>-</u>	<u>(73,284,741)</u>
 Total Capital Assets Being Depreciated, Net	 <u>96,132,400</u>	 <u>(2,577,379)</u>	 <u>-</u>	 <u>93,555,021</u>
 Governmental Activities Capital Assets, Net	 <u>\$ 98,710,228</u>	 <u>\$ (2,577,379)</u>	 <u>\$ -</u>	 <u>\$ 96,132,849</u>

Independent School District No. 2144
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2024

Note 3: Detailed Notes on All Funds (Continued)

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

Administration	\$ 1,040
District Support Services	609
Elementary and Secondary Regular Instruction	23,018
Vocational Education Instruction	667
Community Education and Services	4,739
Instructional Support Services	28,253
Pupil Support Services	15,150
Sites and Buildings	<u>3,281,158</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 3,354,634</u></u>

D. Long-term Debt

General Obligation Bonds

The District issues General Obligation bonds to provide funds for the acquisition and construction of major capital facilities. In addition, refunding general obligation bonds have been issued. General obligation bonds are direct obligations and pledge the full faith and credit of the District. General Obligation bonds currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End	Due Within One Year
G.O. School Building Bonds, 2017A	\$ 61,680,000	3.00 - 5.00 %	08/03/17	02/01/38	\$ 53,005,000	\$ 2,930,000
G.O. School Building Bonds, 2018A	3,730,000	3.00 - 3.10	03/29/18	02/01/33	2,570,000	255,000
G.O. School Building Bonds, 2020A	1,200,000	2.00	05/07/20	02/01/30	<u>745,000</u>	<u>120,000</u>
 Total G.O. Bonds					 <u><u>\$ 56,320,000</u></u>	 <u><u>\$ 3,305,000</u></u>

Annual debt service requirements to maturity for the general obligation bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 3,305,000	\$ 1,914,664	\$ 5,219,664
2026	3,460,000	1,758,114	5,218,114
2027	3,630,000	1,593,914	5,223,914
2028	3,790,000	1,421,564	5,211,564
2029	3,905,000	1,309,114	5,214,114
2030 - 2034	20,605,000	4,602,549	25,207,549
2035 - 2038	<u>17,625,000</u>	<u>1,381,544</u>	<u>19,006,544</u>
 Total	 <u><u>\$ 56,320,000</u></u>	 <u><u>\$ 13,981,463</u></u>	 <u><u>\$ 70,301,463</u></u>

Independent School District No. 2144
 Chisago City, Minnesota
 Notes to the Financial Statements
 June 30, 2024

Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
G.O. bonds	\$ 59,425,000	\$ -	\$ (3,105,000)	\$ 56,320,000	\$ 3,305,000
Unamortized premium	2,554,825	-	(174,400)	2,380,425	-
Net Bonds Payable	<u>61,979,825</u>	<u>-</u>	<u>(3,279,400)</u>	<u>58,700,425</u>	<u>3,305,000</u>
Compensated Absences Payable	<u>1,451,611</u>	<u>1,274,289</u>	<u>(1,329,714)</u>	<u>1,396,186</u>	<u>117,408</u>
Governmental Activities Long-term Liabilities	<u>\$ 63,431,436</u>	<u>\$ 1,274,289</u>	<u>\$ (4,609,114)</u>	<u>\$ 60,096,611</u>	<u>\$ 3,422,408</u>

Independent School District No. 2144
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2024

Note 3: Detailed Notes on All Funds (Continued)

E. Components of Fund Balance

At June 30, 2024, portions of the District's fund balance are not available for appropriation due to not being in spendable form (Nonspendable), legal restrictions (Restricted), policy and/or intent (Assigned). The following is a summary of the components of fund balance:

	General	Debt Service	Other Governmental Funds	Total Governmental Funds	Adjustments	UFARS Balance
Nonspendable for						
Inventories	\$ 7,784	\$ -	\$ 79,666	\$ 87,450	\$ -	\$ 87,450
Prepaid items	491,860	-	-	491,860	-	491,860
Total Nonspendable	499,644	-	79,666	579,310	-	579,310
Restricted for						
Student activities	373,025	-	-	373,025	-	373,025
Staff development	47,853	-	-	47,853	-	47,853
Medical assistance	34,451	-	-	34,451	-	34,451
Operating capital	1,634,954	-	-	1,634,954	-	1,634,954
Long-term facilities maintenance	1,133,812	-	-	1,133,812	-	1,133,812
Learning and development	287,917	-	-	287,917	-	287,917
Gifted and talented	98,638	-	-	98,638	-	98,638
Basic skills	580,868	-	-	580,868	-	580,868
Debt service	-	1,334,867	-	1,334,867	-	1,334,867
Building construction	-	-	71	71	-	71
Community education	-	-	-	-	(149,064)	(149,064)
Early childhood and family education	-	-	481,375	481,375	-	481,375
School readiness	-	-	314,015	314,015	-	314,015
Community service	-	-	(142,913)	(142,913)	149,064	6,151
Food service	-	-	1,148,835	1,148,835	-	1,148,835
Total Restricted	4,191,518	1,334,867	1,801,383	7,327,768	-	7,327,768
Assigned to						
Separation/retirement benefits	1,307,578	-	-	1,307,578	-	1,307,578
Unassigned						
	3,014,010	-	-	3,014,010	-	3,014,010
Total Fund Balance	\$ 9,012,750	\$ 1,334,867	\$ 1,881,049	\$12,228,666	\$ -	\$12,228,666

Restricted for student activities - This amount represents resources available for the extracurricular activity funds raised by students.

Restricted for staff development - This amount represents unspent staff development revenues set aside from General Education revenues that were restricted for staff development.

Restricted for medical assistance – This amount represents resources in the General Fund from medical assistance billings to be used IEP services.

Restricted for operating capital - This amount represents resources in the General Fund to be used to purchase equipment and facilities.

Independent School District No. 2144
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2024

Note 3: Detailed Notes on All Funds (Continued)

Restricted for long-term facilities maintenance - This amount represents unspent long term facilities maintenance revenues from tax levies and State aids that were restricted for long term facilities maintenance.

Restricted for learning and development - This amount represents resources dedicated reduce and maintain the District's instructor-to-learner ratio.

Restricted for gifted and talented - This amount represents resources dedicated to providing challenging educational programs to gifted and talented students.

Restricted for basic skills - This amount represents resources to providing educational programs for basic skills.

Restricted for debt service - This amount represents available resources restricted exclusively for debt service payments. Revenues are derived from tax levies and expenditures are for principal, interest, and paying agent fees.

Restricted for building construction - This amount represents restricted bond proceeds to be used for building construction.

Restricted for community education - This amount represents available resources for community education classes. Revenues are derived from tax levies and state aids and expenditures are for salaries, benefits and supplies. Any deficits can be eliminated by future tax levies and state aids.

Restricted for early childhood and family education (ECFE) - This amount represents available resources for ECFE classes. Revenues are derived from local tax levies and state aids and expenditures are for salaries, benefits and supplies.

Restricted for school readiness - This amount represents the resources available to provide for services for school readiness programs, which includes aids, fees, grants and all other revenues received by the District for the program.

Restricted for community service - This amount represents restricted resources for community service stipulated by constitution, external resource providers, or through enabling legislation.

Restricted for food service - This amount represents restricted resources for community service stipulated by constitution, external resource providers, or through enabling legislation.

Independent School District No. 2144
 Chisago City, Minnesota
 Notes to the Financial Statements
 June 30, 2024

Note 4: Defined Benefit Pension Plans - Statewide

A. Teachers Retirement Association (TRA)

1. Plan Description

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

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

2. Benefits Provided

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

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

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

With these provisions:

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

or

Independent School District No. 2144
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2024

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

Tier II:

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

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

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

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

3. Contribution Rates

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

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

The District's contributions to TRA for the year ending June 30, 2024, 2023, and 2022 were \$1,667,042, \$1,613,965, and \$1,493,201, respectively. The District's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

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

Employer Contributions Reported in TRA's Annual Comprehensive Financial Report Statement of Changes in Fiduciary Net Position	\$ 508,764,000
Deduct Employer Contributions not Related to Future Contribution Efforts	(87,000)
Deduct TRA's contributions not included in allocation	<u>(643,000)</u>
Total Employer Contributions	508,034,000
Total Non-employer Contributions	<u>35,587,000</u>
Total Contributions Reported in Schedule of Employer and Non-employer Pension Allocations	<u><u>\$ 543,621,000</u></u>

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

Independent School District No. 2144
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2024

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

4. Actuarial Assumptions

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

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information	
Valuation Date	July 1, 2023
Experience Study	June 30, 2023
	June 28, 2019 (demographic and economic assumptions)
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Investment Rate of Return	7.00%
Price Inflation	2.50%
Wage Growth Rate	2.85% before July 1, 2028 and 3.25% thereafter
Projected Salary Increase	2.85% to 8.85% before July 1, 2028 and 3.5% to 9.25% thereafter
Cost of Living Adjustment	1% for January 2019 through January 2023 then increasing by 0.1% each year up to 1.5% annually
Mortality Assumption	
Pre-retirement	RP - 2014 white collar employee table, male rates set back six years and female rates set back seven years Generational projection uses the MP - 2015 scale.
Post-retirement	RP - 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP - 2015 scale.
Post-disability	RP - 2014 disabled retiree mortality table, without adjustments.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Total	<u>100.0 %</u>	

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2023 is six years. The Difference between Expected and Actual Experience, Changes of Assumptions, and Changes in Proportion use the amortization period of six years in the schedule presented. The amortization period for Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments is five years as required by GASB 68.

Independent School District No. 2144
 Chisago City, Minnesota
 Notes to the Financial Statements
 June 30, 2024

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

Changes in actuarial assumptions since the 2022 valuation:

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

- The employer contribution rate will increase from 8.75% to 9.5% on July 1, 2025.
- The employee contribution rate will increase from 7.75% to 8% on July 1, 2025
- The pension adjustment rate for school districts and the base budgets for Minnesota State, Perpich Center for Arts Education, and Minnesota Academies will increase to reflect the 0.75% employer contribution rate increase.

The 2024 Omnibus Pensions and Retirement Bill:

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

5. Discount Rate

The discount rate used to measure the total pension liability was 7%. 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 (SEIR).

6. Net Pension Liability

On June 30, 2024, The District reported a liability of \$24,512,729 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis and Minneapolis School District. The District's proportionate share was 0.2969% at the end of the measurement period and 0.2896% for the beginning of the year.

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

District's Proportionate Share of Net Pension Liability	\$ 24,512,729
State's Proportionate Share of Net Pension Liability Associated with the District	<u>1,717,033</u>
 Total	 <u>\$ 26,229,762</u>

For the year ended June 30, 2024, the District recognized negative pension expense of \$761,059. It also recognized recognized \$240,120 as an increase to pension expense for the support provided by direct aid.

Independent School District No. 2144
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2024

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 245,031	\$ 356,618
Changes in Actuarial Assumptions	2,815,331	-
Net Difference Between Projected and Actual Investment Earnings	259,387	-
Changes in Proportion	-	91,789
Contributions Paid to TRA Subsequent to the Measurement Date	1,667,042	-
Total	\$ 4,986,791	\$ 448,407

Deferred outflows of resources totaling \$1,667,042 related to pensions resulting from the District's contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Deferred outflows of resources and (deferred inflows of resources) will be recognized in pension expense as follows:

2025	\$ (175,281)
2026	(487,079)
2027	2,358,412
2028	1,454,237
2029	(241,559)
Thereafter	(37,388)

7. Pension Liability Sensitivity

The following presents the net pension liability of TRA calculated using the discount rate of 7%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6%) or one percentage point higher (8%) than the current rate.

	District's Proportionate Share of NPL		
	1 Percent Decrease (6.0%)	Current (7.0%)	1 Percent Increase (8.0%)
Teachers Retirement Association	\$ 39,096,000	\$ 24,512,729	\$ 12,232,403

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

8. Pension Plan Fiduciary Net Position

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

Independent School District No. 2144
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2024

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

B. Public Employees Retirement Association (PERA)

1. Plan Description

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

General Employees Retirement Plan

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

2. Benefits Provided

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

General Employees Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

3. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2023 and the District was required to contribute 7.50 percent for Coordinated Plan members. The District's contributions to the General Employees Fund for the years ending June 30, 2024, 2023, and 2022 were \$600,309, \$547,268 and \$493,870, respectively. The District's contributions were equal to the required contributions for each year as set by state statute.

Independent School District No. 2144
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2024

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

4. Pension Costs

General Employees Fund Pension Costs

At June 30, 2024, the District reported a liability of \$5,138,945 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled \$141,613. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024 relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0919 percent at the end of the measurement period and 0.0879 percent for the beginning of the period.

District's Proportionate Share of Net Pension Liability	\$ 5,138,945
State's Proportionate Share of Net Pension Liability Associated with the District	<u>141,613</u>
 Total	 <u><u>\$ 5,280,558</u></u>

For the year ended June 30, 2024, the District recognized pension expense of \$1,043,454 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized \$636 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 166,998	\$ 34,319
Changes in Actuarial Assumptions	806,142	1,408,541
Net Difference Between Projected and Actual Investment Earnings	-	221,206
Contributions Paid to PERA Subsequent to the Measurement Date	<u>600,309</u>	<u>-</u>
 Total	 <u><u>\$ 1,573,449</u></u>	 <u><u>\$ 1,664,066</u></u>

The \$600,309 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2025	\$ 101,434
2026	(772,209)
2027	91,333
2028	(111,484)

Independent School District No. 2144
 Chisago City, Minnesota
 Notes to the Financial Statements
 June 30, 2024

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

5. Long-Term Expected Return on Investment

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Total	<u>100.0 %</u>	

6. Actuarial Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0 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 7.0 percent was deemed to be within that range of reasonableness for financial reporting purposes.

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service. Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The tables are adjusted slightly to fit PERA's experience.

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

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

General Employees Fund

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.0 percent.

Independent School District No. 2144
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2024

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

7. Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota statutes. Based on these assumptions, the fiduciary net position of the General Employees were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

8. Pension Liability Sensitivity

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

	District's Proportionate Share of NPL		
	1 Percent Decrease (6.0%)	Current (7.0%)	1 Percent Increase (8.0%)
	General Employees Fund	\$ 9,091,207	\$ 5,138,945

9. Pension Plan Fiduciary Net Position

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

Independent School District No. 2144
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2024

Note 5: Defined Contribution Plan

The Health Care Savings Plan (HCSP) is a public employer-sponsored program administered by the Minnesota State Retirement System (MSRS) that allows employees to save pre-tax money to pay postemployment medical expenses and/or health insurance premiums. The program has been in effect since July of 2001. The legislature signed into law Chapter 352.98 authorizing MSRS to provide a health care savings reimbursement plan.

Participation by state and other public employees is determined during negotiations between the bargaining units, or group of employees if there are no bargaining units, and the employer with final language approved by MSRS. Beginning with the 2008-09 fiscal year, all twelve (12)-month employees who have at least ten years of service based on the seniority list in Independent School District No. 2144 will have a contribution made by the District to their individual account with the MSRS Post-Retirement HCSP. All full-time teachers who have completed at least ten years of actual teaching service in Independent School District No. 2144 will have a contribution made by the District to their individual account with the MSRS Post-Retirement HCSP. This contribution will be made on or before June 30 each year according to the following schedule:

<u>Years of Service</u>	<u>Contribution for 12-month Employees</u>	<u>Contribution for Teachers</u>
Ten to fifteen	\$500	\$250
Sixteen to twenty	\$750	\$500
Twenty-one to twenty-four	\$1,000	\$750
Twenty-five or more	\$1,000	\$1,000

The District's contributions to the MSRS HCSP for 12-month employees and teachers for the year ended June 30, 2024, 2023 and 2022 were -\$0-, \$4,250 and \$69,750, respectively.

Amounts will not be made available for distribution to participants or beneficiaries earlier than (i) retirement, (ii) when the participant has a severance from employment with the employer, (iii) when the participant is collecting a disability benefit from one of the public pension plans, (iv) when the participant is on medical leave (six months or longer), or (v) when the participant is on a leave of absence (one year or longer).

The District has Board members that are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by PERA. The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

The defined contribution plan consists of individual accounts paying a lump-sum benefit. Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses, therefore, there is no future liability to the employer. Minnesota statutes, chapter 353d.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary which is matched by the elected official's employer. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.0 percent of employer contributions and twenty-five hundredths of 1.0 percent (0.25 percent) of the assets in each member's account annually.

<u>Contribution Amount</u>		<u>Percentage of Covered Payroll</u>		<u>Required Rate</u>
<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	
\$ -	\$ -	5.00%	5.00%	5.00%

The District and board member's contributions to the PEDCP plan for the years ending June 30, 2024, 2023 and 2022 were \$-0-, \$32, and \$105, respectively.

Independent School District No. 2144
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2024

Note 6: Postemployment Benefits Other Than Pensions

A. Plan Description

The District administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare insurance and dental insurance for eligible retirees and their spouses through the District’s group health insurance plan, which covers both active and retired members. The full cost of the benefits is covered by the plan. Benefit provisions are established through negotiations between the District and the union representing District employees and are renegotiated each three-year bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

At June 30, 2024, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	83
Active Plan Members, Waiving Coverage	85
Active Plan Members, Electing Coverage	279
 Total Plan Members	 447

B. Funding Policy

The District has historically funded these liabilities on a pay-as-you-go basis. Contribution requirements are negotiated between the District and union representatives on a per contract basis. The District’s employment agreement for certain administrative officials provides for the District to contribute the following amounts into an MSRS account for premium costs for health and dental coverage. For the year ended June 30, 2024, the District’s average contribution rate was 2.05 percent of covered-employee payroll. For fiscal year 2024 the District contributed \$163,618 to the Plan.

Employee Groups	Contribution	Term
Community Education Director	\$ 9,000/year	Until Medicare eligible
Principals	9,000/year	Until Medicare eligible
Activities Director	9,000/year	Until Medicare eligible

Eligibility is as follows:

Employee Groups	Eligibility
District Superintendent	No Criteria
Director of Business Services	No Criteria
Community Education Director	No Criteria
Principals	Employed more than 5 years and age 55
Activities Director	Employed more than 5 years and age 55
Director Curriculum	No Criteria

Independent School District No. 2144
 Chisago City, Minnesota
 Notes to the Financial Statements
 June 30, 2024

Note 6: Postemployment Benefits Other Than Pensions (Continued)

C. Actuarial Methods and Assumptions

The District’s net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2024.

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.86%
Inflation Rate	2.50%
Medical Trend Rate	6.8% for 2023 grading to 3.90% in 2076 and later

Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for 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.

From the July 1, 2022 Teachers Retirement Association of Minnesota (TRA) actuarial valuation, mortality rates were based on the RP-2014 mortality tables with projected mortality improvements based on scale MP-2015, and other adjustments. From the July 1, 2022 PERA of Minnesota General Employees Retirement Plan actuarial valuation, mortality rates were based on the Pub-2010 General mortality tables with projected mortality improvements based on scale MP-2021, and other adjustments.

The actuarial assumptions used in the June 30, 2022 valuation were based on input from a variety of published sources of historical and projected future financial data. Each assumptions was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.

D. Sensitivity of the Net OPEB Liability

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 Percent Decrease (2.86%) <hr style="border: 0.5px solid black;"/> \$ 2,024,228	Current (3.86%) <hr style="border: 0.5px solid black;"/> \$ 1,927,722	1 Percent Increase (4.86%) <hr style="border: 0.5px solid black;"/> \$ 1,836,142
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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 Healthcare Cost Trend Rates that is 1-percentage point lower or 1-percentage-point higher than the current healthcare cost trend rate:

1 Percent Decrease (5.80%) <hr style="border: 0.5px solid black;"/> \$ 1,778,551	Current (6.80%) <hr style="border: 0.5px solid black;"/> \$ 1,927,722	1 Percent Increase (7.80%) <hr style="border: 0.5px solid black;"/> \$ 2,100,752
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Independent School District No. 2144
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2024

Note 6: Postemployment Benefits Other Than Pensions (Continued)

E. Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at June 30, 2023	\$ 1,920,035	\$ -	\$ 1,920,035
Changes for the Year:			
Employer contributions	-	153,347	(153,347)
Service cost	105,186	-	105,186
Interest	71,901	-	71,901
Changes of assumptions	(16,053)	-	(16,053)
Benefit payments	(153,347)	(153,347)	-
Net Changes	<u>7,687</u>	<u>-</u>	<u>7,687</u>
Balances at June 30, 2024	<u>\$ 1,927,722</u>	<u>\$ -</u>	<u>\$ 1,927,722</u>

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$272,939. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Liability	\$ 762,372	\$ -
Changes in Actuarial Assumptions	<u>58,181</u>	<u>218,734</u>
Total	<u>\$ 820,553</u>	<u>\$ 218,734</u>

Other amounts reported as deferred outflows and inflows of resources related to other postemployment benefits will be recognized in expenses as follows:

2025	\$ 96,076
2026	101,478
2027	100,671
2028	94,172
2029	92,052
Thereafter	117,370

Independent School District No. 2144
Chisago City, Minnesota
Notes to the Financial Statements
June 30, 2024

Note 7: Other Information

A. Risk Management

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

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

B. Federal and State Programs

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 fund. 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. Economic Dependency

The District has a significant amount of revenues (67.4%) coming from the State of Minnesota.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 2144
CHISAGO CITY, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2024

Independent School District No. 2144

Chisago City, Minnesota

Required Supplementary Information

June 30, 2024

Schedule of Employer's Share of TRA Net Pension Liability

Fiscal Year Ending	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the District (b)	Total (a+b)	District's Covered Payroll (c)	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/23	0.2969 %	\$ 24,512,729	\$ 1,717,033	\$ 26,229,762	\$ 18,876,780	129.9 %	76.4 %
06/30/22	0.2896	23,189,636	1,720,011	24,909,647	17,904,083	129.5	76.2
06/30/21	0.2927	12,809,427	1,080,379	13,889,806	17,520,126	73.1	86.6
06/30/20	0.2985	22,053,580	1,848,067	23,901,647	16,882,051	130.6	75.5
06/30/19	0.3057	19,485,382	1,724,638	21,210,020	17,111,946	113.9	78.2
06/30/18	0.3036	19,069,710	1,791,448	20,861,158	16,774,307	113.7	78.1
06/30/17	0.2998	59,845,518	5,785,414	65,630,932	16,195,527	369.5	51.6
06/30/16	0.2952	70,412,243	7,066,891	77,479,134	15,354,257	458.6	44.9
06/30/15	0.2922	18,075,460	2,216,850	20,292,310	12,780,960	141.4	76.8

Schedule of Employer's TRA Contributions

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	District's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
06/30/24	\$ 1,667,042	\$ 1,667,042	\$ -	\$ 19,051,912	8.75 %
06/30/23	1,613,965	1,613,965	-	18,876,780	8.55
06/30/22	1,493,201	1,493,201	-	17,904,083	8.34
06/30/21	1,424,386	1,424,386	-	17,520,126	8.13
06/30/20	1,337,058	1,337,058	-	16,882,051	7.92
06/30/19	1,319,331	1,319,331	-	17,111,946	7.71
06/30/18	1,258,073	1,258,073	-	16,774,307	7.50
06/30/17	1,214,665	1,214,665	-	16,195,527	7.50
06/30/16	1,151,569	1,151,569	-	15,354,257	7.50

Independent School District No. 2144
Chisago City, Minnesota
Required Supplementary Information (Continued)
June 30, 2024

Notes to the Required Supplementary Information - TRA

Changes in Actuarial Assumptions

2023 - The 2023 Tax Finance and Policy Bill, effective July 1, 2025 and The 2024 Omnibus Pensions and Retirement Bill contained a number of changes

- The employer contribution rate will increase from 8.75% to 9.5% on July 1, 2025.
- The employee contribution rate will increase from 7.75% to 8% on July 1, 2025
- The pension adjustment rate for school districts and the base budgets for Minnesota State, Perpich Center for Arts Education, and Minnesota Academies will increase to reflect the 0.75% employer contribution rate increase.
- The Normal Retirement Age (NRA) for active and eligible deferred Tier II members will be 65 effective July 1, 2024.
- TRA's amortization date will remain the same at 2048.

2022 - No changes noted.

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

2020 - Assumed termination rates were changed to more closely reflect actual experience. The pre-retirement mortality assumption was changed to RP-2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP-2015 scale. Assumed form of annuity election proportions were changed to more closely reflect actual experience for female retirees.

2019 - No changes noted.

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

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

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The cost of living adjustment was not assumed to increase to 2.5 percent but remain at 2.0 percent for all future years. The investment return assumption was changed from 8.25 percent to 8.00 percent.

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

Independent School District No. 2144
Chisago City, Minnesota
Required Supplementary Information (Continued)
June 30, 2024

Notes to the Required Supplementary Information – TRA (Continued)

Changes in Plan Provisions

2023 - No changes noted.

2022 - No changes noted.

2021 - No changes noted.

2020 - No changes noted.

2019 - No changes noted.

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

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.

- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.

- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.

- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.

- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.

- The employer contribution rate is increased each July 1 over the next 6 years, (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2017 - No changes noted.

2016 - No changes noted.

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

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

Independent School District No. 2144
Chisago City, Minnesota
Required Supplementary Information (Continued)
June 30, 2024

Schedule of Employer's Share of PERA Net Pension Liability

Fiscal Year Ending	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the District (b)	Total (a+b)	District's Covered Payroll (c)	Districts' Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/23	0.0919 %	\$ 5,138,945	\$ 141,613	\$ 5,280,558	\$ 7,296,905	70.4	83.1 %
06/30/22	0.0879	6,961,709	204,148	7,165,857	6,584,932	105.7	76.7
06/30/21	0.0891	3,804,969	116,169	3,921,138	6,406,520	59.4	87.0
06/30/20	0.0922	5,527,811	170,381	5,698,192	6,547,834	84.4	79.0
06/30/19	0.0934	5,163,877	160,493	5,324,370	6,612,227	78.1	80.2
06/30/18	0.0985	5,464,376	179,187	5,643,563	6,620,227	82.5	79.5
06/30/17	0.0970	6,192,416	77,886	6,270,302	6,251,467	99.1	75.9
06/30/16	0.0978	7,940,875	-	7,940,875	6,066,644	130.9	68.9
06/30/15	0.0958	4,964,853	-	4,964,853	4,940,133	100.5	78.2

Schedule of Employer's PERA Contributions

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	District's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
06/30/24	\$ 600,309	\$ 600,309	\$ -	\$ 8,004,114	7.50 %
06/30/23	547,268	547,268	-	7,296,905	7.50
06/30/22	493,870	493,870	-	6,584,932	7.50
06/30/21	480,489	480,489	-	6,406,520	7.50
06/30/20	491,088	491,088	-	6,547,834	7.50
06/30/19	495,917	495,917	-	6,612,227	7.50
06/30/18	496,517	496,517	-	6,620,227	7.50
06/30/17	468,860	468,860	-	6,251,467	7.50
06/30/16	454,998	454,998	-	6,066,644	7.50

Independent School District No. 2144
Chisago City, Minnesota
Required Supplementary Information (Continued)
June 30, 2024

Notes to the Required Supplementary Information - PERA

Changes in Actuarial Assumptions

2023 - The investment return assumption and single discount rate were changed from 6.5 percent to 7.0 percent.

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

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

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

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

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

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

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

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

Independent School District No. 2144
Chisago City, Minnesota
Required Supplementary Information (Continued)
June 30, 2024

Notes to the Required Supplementary Information – PERA (Continued)

Changes in Plan Provisions

2023 - An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023. The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service. The benefit increase delay for early retirements on or after January 1, 2024, was eliminated. A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

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

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

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

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

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

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

2016 - No changes noted.

2015 - On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

Independent School District No. 2144
Chisago City, Minnesota
Required Supplementary Information (Continued)
For the Year Ended June 30, 2024

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

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	\$ 105,186	\$ 116,005	\$ 105,323	\$ 99,504	\$ 90,125	\$ 112,390	\$ 115,684
Interest	71,901	30,990	34,307	40,464	47,611	47,135	43,969
Differences between expected and actual experience	-	502,315	266,089	194,526	-	247,193	-
Changes of assumptions	(16,053)	(177,999)	35,549	43,460	21,624	(184,212)	(44,224)
Change of benefit terms	-	-	-	-	-	25,090	-
Benefit payments	(153,347)	(98,631)	(377,758)	(174,763)	(207,577)	(260,702)	(327,082)
Net change in total OPEB liability	7,687	372,680	63,510	203,191	(48,217)	(13,106)	(211,653)
Total OPEB liability - beginning	1,920,035	1,547,355	1,483,845	1,280,654	1,328,871	1,341,977	1,553,630
Total OPEB Liability - ending (a)	<u>\$ 1,927,722</u>	<u>\$ 1,920,035</u>	<u>\$ 1,547,355</u>	<u>\$ 1,483,845</u>	<u>\$ 1,280,654</u>	<u>\$ 1,328,871</u>	<u>\$ 1,341,977</u>
Plan Fiduciary Net Position							
Employer contributions	\$ 153,347	\$ 98,631	\$ 377,758	\$ 174,763	\$ 207,577	\$ 260,702	\$ 327,082
Benefit payments	(153,347)	(98,631)	(377,758)	(174,763)	(207,577)	(260,702)	(327,082)
District's net OPEB liability - ending (a) - (b)	<u>\$ 1,927,722</u>	<u>\$ 1,920,035</u>	<u>\$ 1,547,355</u>	<u>\$ 1,483,845</u>	<u>\$ 1,280,654</u>	<u>\$ 1,328,871</u>	<u>\$ 1,341,977</u>
Covered - Employee Payroll	\$ 22,346,741	\$ 21,180,353	\$ 18,405,117	\$ 20,813,257	\$ 18,662,197	\$ 18,466,428	\$ 25,195,762
District's net OPEB liability (asset) as a percentage of covered employee payroll	8.6%	9.1%	8.4%	7.1%	6.9%	7.2%	5.3%

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

Schedule of District's Contributions

	2024	2023	2022	2021	2020	2019	2018
Contractually Required Employer Contribution	\$ 153,347	\$ 98,631	\$ 377,758	\$ 174,763	\$ 207,577	\$ 260,702	\$ 327,082
Contributions in Relation to the Contractually Required Employer Contribution	<u>153,347</u>	<u>98,631</u>	<u>377,758</u>	<u>174,763</u>	<u>207,577</u>	<u>260,702</u>	<u>327,082</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered - Employee Payroll	\$ 22,346,741	\$ 21,180,353	\$ 18,405,117	\$ 20,813,257	\$ 18,662,197	\$ 18,466,428	\$ 25,195,762
Contributions as a Percentage of Covered Employee Payroll	0.69 %	0.47 %	2.05 %	0.84 %	1.11 %	1.41 %	1.30 %

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

Independent School District No. 2144
Chisago City, Minnesota
Required Supplementary Information (Continued)
For the Year Ended June 30, 2024

Notes to the Required Supplementary Information - OPEB

Changes in Assumptions

2024 - No changes noted

2023 - No changes noted

2022 - The discount rate was changed from 1.92% to 3.69% based on updated 20-year municipal bond rates. Healthcare trend rates were reset to reflect updated cost increase expectations. Medical per capita claims costs were updated to reflect recent experience. Mortality rates were updated from the rates used in the 7/1/2020 PERA General Employees Plan and 7/1/2020 Teachers Retirement Association valuations to the rates used in the 7/1/2022 valuations. The percent of future non Medicare eligible retirees electing each medical plan changed to reflect recent plan experience. The inflation assumption was changed from 2.25% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectation. The following table provides the changes for the assumed percent electing each plan:

<u>Medical Plan</u>	<u>Fiscal 2023 Valuation</u>	<u>Fiscal 2022 Valuation</u>
\$500 CMM	30%	35%
\$500 CMM Lower Value	NA	0%
\$1850 CDHP	20%	25%
\$1850 CDHP Lower Value	N/A	0%
\$3500 CDHP	50%	40%
\$3500 CDHP Lower Value	N/A	0%

2021 - The discount rate was changed from 3.13% to 2.45% based on updated 20-year municipal bond rates. Healthcare trend rates were reset to reflect updated cost increase expectations, including the repeal of the Affordable Care Act's Excise Tax on high-cost health insurance plans. Medical per capita claims costs were updated to reflect recent experience and new plan offerings, including an adjustment to reflect age/gender-based risk scores published by the Society of Actuaries. Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the 7/1/2018 PERA General Employees Retirement Plan and 7/1/2018 Teachers Retirement Association valuations to the rates used in the 7/1/2020 valuations. The inflation assumption was changed from 2.5% to 2.25% based on an updated historical analysis of inflation rates and forward-looking market expectations. The percent of future non-Medicare eligible retirees electing each medical plan changed to reflect recent plan experience and new plan offerings. The following table provides the changes for the assumed percent electing each plan:

<u>Medical Plan</u>	<u>Fiscal 2021 Valuation</u>	<u>Fiscal 2020 Valuation</u>
\$500 CMM	35%	20%
\$500 CMM Lower Value	0%	N/A
\$1850 CDHP	25%	10%
\$1850 CDHP Lower Value	0%	N/A
\$3500 CDHP	40%	40%
\$3500 CDHP Lower Value	0%	N/A
\$200 CMM	N/A	30%

Independent School District No. 2144
Chisago City, Minnesota
Required Supplementary Information (Continued)
For the Year Ended June 30, 2024

Notes to the Required Supplementary Information – OPEB – Continued

2020 - The discount rate was changed from 3.62% to 3.13% based on updated 20-year municipal bond rates. Healthcare trend rates were reset to reflect updated cost increase expectations, including an adjustment to reflect the impact of the Affordable Care Act's Excise Tax on high-cost health insurance plans. Medical per capita claims costs were updated to reflect recent experience and new plan offerings. Mortality and salary increase rates were updated to the rates used in the 7/1/2018 PERA General Employees Retirement Plan and 7/1/2018 Teachers Retirement Association actuarial valuations. The percent of future retirees eligible for a direct subsidy assumed to elect coverage at retirement changes from 40% to 30% to reflect recent plan experience. The percent of future non-Medicare eligible retirees electing each medical plan changed to reflect recent plan experience and new plan offerings. The inflation assumption was changed from 2.75% to 2.50% based on updated historical analysis of inflation rates and forward-looking market expectations.

2019 - The discount rate was changed from 3.56% to 3.62% based on updated 20-year municipal bond rates. Healthcare trend rates were reset to reflect updated cost increase expectations, including an adjustment to reflect the impact of the Affordable Care Act's Excise Tax on high-cost health insurance plans. Medical per capita claims costs were updated to reflect recent experience and new plan offerings. Mortality and salary increase rates were updated to the rates used in the 7/1/2018 PERA General Employees Retirement Plan and 7/1/2018 Teachers Retirement Association actuarial valuations. The percent of future retirees eligible for a direct subsidy assumed to elect coverage at retirement changes from 40% to 30% to reflect recent plan experience. The percent of future non-Medicare eligible retirees electing each medical plan changed to reflect recent plan experience and new plan offerings. The inflation assumption was changed from 2.75% to 2.50% based on updated historical analysis of inflation rates and forward-looking market expectations.

2018 - No changes noted.

Changes in Benefits

2024 – No changes noted.

2023 – No changes noted.

2022 – No changes noted.

2021 – No changes noted.

2020 – No changes noted.

2019 – No changes noted.

2018 – No changes noted.

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS, SCHEDULES AND TABLE

INDEPENDENT SCHOOL DISTRICT NO. 2144
CHISAGO CITY, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2024

Independent School District No. 2144
Chisago City, Minnesota
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2024

	Special Revenue		Capital Projects	Total Nonmajor Governmental Funds
	Food Service	Community Service	Building Construction	
Assets				
Cash and temporary investments	\$ 1,195,950	\$ 1,200,297	\$ 71	\$ 2,396,318
Receivables				
Taxes	-	222,604	-	222,604
Accounts	-	2,076	-	2,076
Interest	2,422	2,080	-	4,502
Due from Minnesota Department of Education	39,235	29,371	-	68,606
Due from the Federal government	6,827	-	-	6,827
Inventories	79,666	-	-	79,666
	<u>\$ 1,324,100</u>	<u>\$ 1,456,428</u>	<u>\$ 71</u>	<u>\$ 2,780,599</u>
Liabilities				
Accrued salaries payable	\$ 13,467	\$ 113,475	\$ -	\$ 126,942
Accounts and other payables	35,875	37,876	-	73,751
Due to other governments	-	1,370	-	1,370
Unearned revenue	46,257	313,666	-	359,923
Total Liabilities	<u>95,599</u>	<u>466,387</u>	<u>-</u>	<u>561,986</u>
Deferred Inflows of Resources				
Unavailable revenue - delinquent property taxes	-	3,105	-	3,105
Property taxes levied for subsequent year	-	334,459	-	334,459
Total Deferred Inflows of Resources	<u>-</u>	<u>337,564</u>	<u>-</u>	<u>337,564</u>
Fund Balances				
Nonspendable	79,666	-	-	79,666
Restricted	1,148,835	652,477	71	1,801,383
Total Fund Balances	<u>1,228,501</u>	<u>652,477</u>	<u>71</u>	<u>1,881,049</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,324,100</u>	<u>\$ 1,456,428</u>	<u>\$ 71</u>	<u>\$ 2,780,599</u>

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

Independent School District No. 2144
Chisago City, Minnesota
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2024

	Special Revenue		Capital Projects	Total Nonmajor Governmental Funds
	Food Service	Community Service	Building Construction	
Revenues				
Local property tax levies	\$ -	\$ 339,990	\$ -	\$ 339,990
Interest earned on investments	58,284	63,644	2	121,930
Revenue from local sources	38,686	2,280,338	-	2,319,024
Revenue from state sources	1,398,080	355,428	-	1,753,508
Revenue from federal sources	964,982	8,333	-	973,315
Sales and other conversion of assets	271,774	3,607	-	275,381
Total Revenues	<u>2,731,806</u>	<u>3,051,340</u>	<u>2</u>	<u>5,783,148</u>
Expenditures				
Current				
Elementary and secondary regular instruction	-	132,469	-	132,469
Community education and services	-	3,121,991	-	3,121,991
Pupil support services	2,348,502	-	-	2,348,502
Capital outlay				
Community education and services	-	1,971	-	1,971
Pupil support services	174,376	-	-	174,376
Total Expenditures	<u>2,522,878</u>	<u>3,256,431</u>	<u>-</u>	<u>5,779,309</u>
Net Change in Fund Balances	208,928	(205,091)	2	3,839
Fund Balances, July 1	<u>1,019,573</u>	<u>857,568</u>	<u>69</u>	<u>1,877,210</u>
Fund Balances, June 30	<u>\$ 1,228,501</u>	<u>\$ 652,477</u>	<u>\$ 71</u>	<u>\$ 1,881,049</u>

Independent School District No. 2144
Chisago City, Minnesota
Food Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024				2023
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenues					
Interest earned on investments	\$ 2,500	\$ 45,000	\$ 58,284	\$ 13,284	\$ 34,677
Revenue from local sources	50,500	50,000	38,686	(11,314)	54,654
Revenue from state sources	1,005,000	1,204,000	1,398,080	194,080	99,510
Revenue from federal sources	822,000	863,250	964,982	101,732	901,543
Sales and other conversion of assets	250,000	327,000	271,774	(55,226)	1,021,232
Total Revenues	<u>2,130,000</u>	<u>2,489,250</u>	<u>2,731,806</u>	<u>242,556</u>	<u>2,111,616</u>
Expenditures					
Current					
Pupil support services					
Salaries	685,254	749,795	743,076	6,719	662,251
Employee benefits	234,399	245,401	210,966	34,435	199,380
Purchased services	77,000	93,600	107,105	(13,505)	63,642
Supplies and materials	1,012,000	1,132,500	1,281,881	(149,381)	1,013,323
Other	2,500	4,000	5,474	(1,474)	2,226
Capital outlay					
Pupil support services	138,500	200,000	174,376	25,624	15,527
Total Expenditures	<u>2,149,653</u>	<u>2,425,296</u>	<u>2,522,878</u>	<u>(97,582)</u>	<u>1,956,349</u>
Net Change in Fund Balances	(19,653)	63,954	208,928	144,974	155,267
Fund Balances, July 1	<u>1,019,573</u>	<u>1,019,573</u>	<u>1,019,573</u>	<u>-</u>	<u>864,306</u>
Fund Balances, June 30	<u>\$ 999,920</u>	<u>\$ 1,083,527</u>	<u>\$ 1,228,501</u>	<u>\$ 144,974</u>	<u>\$ 1,019,573</u>

Independent School District No. 2144
Chisago City, Minnesota
Community Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024				2023
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Local property tax levies	\$ 341,456	\$ 341,456	\$ 339,990	\$ (1,466)	\$ 334,154
Interest earned on investments	25,000	50,000	63,644	13,644	48,731
Revenue from local sources	1,981,639	2,071,848	2,280,338	208,490	1,906,471
Revenue from state sources	284,465	281,785	355,428	73,643	272,740
Revenue from federal sources	-	-	8,333	8,333	750
Sale and other conversion of assets	-	-	3,607	3,607	-
Total Revenues	<u>2,632,560</u>	<u>2,745,089</u>	<u>3,051,340</u>	<u>306,251</u>	<u>2,562,846</u>
Expenditures					
Current					
Elementary and secondary regular instruction					
Salaries	36,151	28,929	37,430	(8,501)	37,384
Employee benefits	9,488	7,674	10,186	(2,512)	7,536
Purchased services	3,000	71,198	75,520	(4,322)	3,025
Supplies and materials	4,900	3,285	9,333	(6,048)	5,038
Community education and services					
Salaries	1,657,224	1,741,685	2,044,395	(302,710)	1,682,645
Employee benefits	444,605	458,305	509,659	(51,354)	415,481
Purchased services	301,307	382,057	430,538	(48,481)	349,531
Supplies and materials	88,800	94,900	125,380	(30,480)	85,438
Other	68,100	1,100	12,019	(10,919)	2,767
Capital outlay					
Community education and services	7,650	7,650	1,971	5,679	15,294
Total Expenditures	<u>2,621,225</u>	<u>2,796,783</u>	<u>3,256,431</u>	<u>(459,648)</u>	<u>2,604,139</u>
Net Change in Fund Balances	11,335	(51,694)	(205,091)	(153,397)	(41,293)
Fund Balances, July 1	<u>857,568</u>	<u>857,568</u>	<u>857,568</u>	<u>-</u>	<u>898,861</u>
Fund Balances, June 30	<u>\$ 868,903</u>	<u>\$ 805,874</u>	<u>\$ 652,477</u>	<u>\$ (153,397)</u>	<u>\$ 857,568</u>

Independent School District No. 2144
Chisago City, Minnesota
Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024				2023
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Local property tax levies	\$ 5,014,668	\$ 5,000,000	\$ 4,991,914	\$ (8,086)	\$ 4,858,230
Interest earned on investments	5,000	125,000	131,820	6,820	88,524
Revenue from state sources	270,400	307,115	322,628	15,513	301,896
Total Revenues	<u>5,290,068</u>	<u>5,432,115</u>	<u>5,446,362</u>	<u>14,247</u>	<u>5,248,650</u>
Expenditures					
Debt service					
Principal	3,105,000	3,105,000	3,105,000	-	3,025,000
Interest and other charges	<u>2,065,564</u>	<u>2,063,064</u>	<u>2,062,989</u>	<u>75</u>	<u>2,194,525</u>
Total Expenditures	<u>5,170,564</u>	<u>5,168,064</u>	<u>5,167,989</u>	<u>75</u>	<u>5,219,525</u>
Net Change in Fund Balances	119,504	264,051	278,373	14,322	29,125
Fund Balances, July 1	<u>1,056,494</u>	<u>1,056,494</u>	<u>1,056,494</u>	-	<u>1,027,369</u>
Fund Balances, June 30	<u>\$ 1,175,998</u>	<u>\$ 1,320,545</u>	<u>\$ 1,334,867</u>	<u>\$ 14,322</u>	<u>\$ 1,056,494</u>

Independent School District No. 2144

Chisago City, Minnesota

General Fund

Comparative Balance Sheets

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Cash and temporary investments	\$ 10,515,789	\$ 7,678,802
Receivables		
Taxes	3,950,243	3,716,225
Accounts	28,786	66,469
Interest	18,204	23,071
Due from other school districts	672,505	476,090
Due from Minnesota Department of Education	3,256,025	3,152,907
Due from the Federal government	284,295	1,419,805
Inventories	7,784	16,207
Prepaid items	491,860	891,940
	<u> </u>	<u> </u>
Total Assets	<u>\$ 19,225,491</u>	<u>\$ 17,441,516</u>
Liabilities		
Accrued salaries payable	\$ 3,730,540	\$ 3,792,989
Accounts and other payables	413,780	419,858
Due to other governments	497,499	56,046
Unearned revenue	202,392	337,577
	<u> </u>	<u> </u>
Total Liabilities	<u>4,844,211</u>	<u>4,606,470</u>
Deferred Inflows of Resources		
Unavailable revenue - delinquent property taxes	48,401	34,906
Property taxes levied for subsequent year	5,320,129	5,110,091
	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	<u>5,368,530</u>	<u>5,144,997</u>
Fund Balances		
Nonspendable		
Inventories	7,784	16,207
Prepaid items	491,860	891,940
Restricted for		
Student activities	373,025	306,559
Staff development	47,853	27,107
Medical assistance	34,451	414
Operating capital	1,634,954	1,064,826
Long-term facilities maintenance	1,133,812	1,184,476
Learning and development	287,917	-
Gifted and talented	98,638	84,066
Basic skills	580,868	2,031
Assigned for		
Separation/retirement benefits	1,307,578	1,396,187
Unassigned	3,014,010	2,716,236
	<u> </u>	<u> </u>
Total Fund Balances	<u>9,012,750</u>	<u>7,690,049</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 19,225,491</u>	<u>\$ 17,441,516</u>

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Independent School District No. 2144

Chisago City, Minnesota

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual (Continued on the Following Pages)

For the Year Ended June 30, 2024

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

	2024			Variance with Final Budget	2023
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues					
Local property tax levies	\$ 5,415,285	\$ 5,739,765	\$ 6,027,145	\$ 287,380	\$ 5,938,849
Interest earned on investments	340,100	478,100	532,617	54,517	326,856
Revenue from local sources	2,588,229	2,938,449	2,683,265	(255,184)	3,040,388
Revenue from state sources	36,062,818	37,542,922	37,033,855	(509,067)	34,043,634
Revenue from federal sources	514,129	508,142	545,392	37,250	2,645,922
Sales and other conversion of assets	31,000	31,000	1,675	(29,325)	76,784
Total Revenues	44,951,561	47,238,378	46,823,949	(414,429)	46,072,433
Expenditures					
Current					
Administration					
Salaries	1,375,796	1,198,429	1,198,912	(483)	1,197,461
Fringe benefits	353,020	433,682	425,424	8,258	423,999
Purchased services	24,420	28,715	24,780	3,935	36,272
Supplies and materials	19,700	13,900	12,389	1,511	21,726
Other	34,777	32,577	30,466	2,111	31,649
Total administration	1,807,713	1,707,303	1,691,971	15,332	1,711,107
District support services					
Salaries	587,618	643,383	651,463	(8,080)	588,456
Fringe benefits	588,064	603,224	514,536	88,688	206,335
Purchased services	343,450	327,905	280,650	47,255	376,458
Supplies and materials	83,600	80,100	31,314	48,786	74,359
Other	2,100	2,100	797	1,303	1,947
Total district support services	1,604,832	1,656,712	1,478,760	177,952	1,247,555
Elementary and secondary regular instruction					
Salaries	12,213,617	12,206,036	12,064,834	141,202	11,713,692
Fringe benefits	5,286,179	3,734,258	3,739,160	(4,902)	3,802,993
Purchased services	1,169,463	1,417,638	1,359,109	58,529	1,149,557
Supplies and materials	962,118	1,064,740	886,876	177,864	1,180,133
Other	32,500	138,000	13,713	124,287	91,910
Total elementary and secondary regular instruction	19,663,877	18,560,672	18,063,692	496,980	17,938,285

Independent School District No. 2144

Chisago City, Minnesota

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual (Continued)

For the Year Ended June 30, 2024

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

	2024			Variance with Final Budget	2023
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Vocational education instruction					
Salaries	\$ 912,100	\$ 1,160,525	\$ 1,155,052	\$ 5,473	\$ 971,699
Fringe benefits	98,325	357,281	383,779	(26,498)	308,295
Purchased services	34,388	55,014	41,895	13,119	20,181
Supplies and materials	108,805	154,250	144,578	9,672	107,062
Total vocational education instruction	<u>1,153,618</u>	<u>1,727,070</u>	<u>1,725,304</u>	<u>1,766</u>	<u>1,407,237</u>
Special education instruction					
Salaries	5,983,558	6,349,206	6,348,935	271	5,863,970
Fringe benefits	625,000	2,072,290	2,142,232	(69,942)	2,001,806
Purchased services	2,252,409	1,860,902	1,737,611	123,291	1,787,794
Supplies and materials	28,349	53,031	53,959	(928)	65,110
Other	901	901	1,187	(286)	901
Total special education instruction	<u>8,890,217</u>	<u>10,336,330</u>	<u>10,283,924</u>	<u>52,406</u>	<u>9,719,581</u>
Instructional support services					
Salaries	1,702,897	1,856,516	1,771,524	84,992	1,923,897
Fringe benefits	267,588	525,868	523,763	2,105	548,190
Purchased services	234,215	254,380	290,224	(35,844)	144,757
Supplies and materials	313,641	295,301	271,770	23,531	266,408
Other	1,400	200	1,021	(821)	1,146
Total instructional support services	<u>2,519,741</u>	<u>2,932,265</u>	<u>2,858,302</u>	<u>73,963</u>	<u>2,884,398</u>
Pupil support services					
Salaries	597,000	903,084	878,182	24,902	1,031,612
Fringe benefits	40,000	304,666	282,876	21,790	342,203
Purchased services	3,201,995	3,549,923	3,189,870	360,053	2,995,481
Supplies and materials	206,950	208,750	216,457	(7,707)	228,551
Other	-	75	150	(75)	-
Total pupil support services	<u>4,045,945</u>	<u>4,966,498</u>	<u>4,567,535</u>	<u>398,963</u>	<u>4,597,847</u>
Sites and buildings					
Salaries	1,371,689	1,318,385	1,313,091	5,294	1,231,780
Fringe benefits	273,565	436,786	433,386	3,400	416,568
Purchased services	2,145,147	2,081,522	1,604,310	477,212	2,139,554
Supplies and materials	235,000	267,550	264,079	3,471	225,440
Other	14,330	14,715	13,108	1,607	19,864
Total sites and buildings	<u>4,039,731</u>	<u>4,118,958</u>	<u>3,627,974</u>	<u>490,984</u>	<u>4,033,206</u>
Fiscal and other fixed costs programs					
Fringe benefits	-	181,000	-	181,000	-
Total current	<u>43,725,674</u>	<u>46,186,808</u>	<u>44,297,462</u>	<u>1,889,346</u>	<u>43,539,216</u>

Independent School District No. 2144
Chisago City, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
For the Year Ended June 30, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024				2023
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Capital outlay					
Administration	\$ -	\$ -	\$ -	\$ -	\$ 1,498
District support services	293,000	293,000	270,250	22,750	239,733
Elementary and secondary regular instruction	191,800	172,700	154,663	18,037	292,830
Vocational education instruction	11,400	11,400	13,201	(1,801)	19,063
Special education instruction	-	-	-	-	69,455
Instructional support services	208,550	282,850	152,091	130,759	250,289
Pupil support services	-	6,500	-	6,500	-
Sites and buildings	1,070,000	883,000	625,520	257,480	2,050,095
Total capital outlay	<u>1,774,750</u>	<u>1,649,450</u>	<u>1,215,725</u>	<u>433,725</u>	<u>2,922,963</u>
Debt service					
Interest and other charges	-	-	140	(140)	-
Total Expenditures	<u>45,500,424</u>	<u>47,836,258</u>	<u>45,513,327</u>	<u>2,322,931</u>	<u>46,462,179</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(548,863)	(597,880)	1,310,622	1,908,502	(389,746)
Other Financing Sources (Uses)					
Insurance recovery	-	-	12,079	12,079	-
Net Change in Fund Balances	(548,863)	(597,880)	1,322,701	1,920,581	(389,746)
Fund Balances, July 1	<u>7,690,049</u>	<u>7,690,049</u>	<u>7,690,049</u>	<u>-</u>	<u>8,079,795</u>
Fund Balances, June 30	<u>\$ 7,141,186</u>	<u>\$ 7,092,169</u>	<u>\$ 9,012,750</u>	<u>\$ 1,920,581</u>	<u>\$ 7,690,049</u>

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Independent School District No. 2144
Chisago City, Minnesota
Schedule of the Components of the General Fund
Balance Sheet
June 30, 2024

	Components of the General Fund			Total General Fund
	General	Pupil Transportation	Capital Expenditures	
Assets				
Cash and temporary investments	\$ 7,658,526	\$ 63,378	\$ 2,793,885	\$ 10,515,789
Receivables				
Taxes	3,950,243	-	-	3,950,243
Accounts	27,629	196	961	28,786
Interest	12,872	-	5,332	18,204
Due from other school districts	672,505	-	-	672,505
Due from Minnesota Department of Education	3,227,383	935	27,707	3,256,025
Due from the Federal government	284,295	-	-	284,295
Inventories	7,784	-	-	7,784
Prepaid items	441,777	4,491	45,592	491,860
Total Assets	\$ 16,283,014	\$ 69,000	\$ 2,873,477	\$ 19,225,491
Liabilities				
Accrued salaries payable	\$ 3,730,110	\$ -	\$ 430	\$ 3,730,540
Accounts and other payables	382,604	14,194	16,982	413,780
Due to other governments	455,792	-	41,707	497,499
Unearned revenue	202,392	-	-	202,392
Total Liabilities	4,770,898	14,194	59,119	4,844,211
Deferred Inflows of Resources				
Unavailable revenue - delinquent property taxes	48,401	-	-	48,401
Property taxes levied for subsequent year	5,320,129	-	-	5,320,129
Total Deferred Inflows of Resources	5,368,530	-	-	5,368,530
Fund Balances				
Nonspendable				
Inventories	7,784	-	-	7,784
Prepaid items	441,777	4,491	45,592	491,860
Restricted for				
Student activities	373,025	-	-	373,025
Staff development	47,853	-	-	47,853
Medical assistance	34,451	-	-	34,451
Operating capital	-	-	1,634,954	1,634,954
Long term facilities maintenance	-	-	1,133,812	1,133,812
Learning and development	287,917	-	-	287,917
Gifted and talented	98,638	-	-	98,638
Basic skills	580,868	-	-	580,868
Assigned for				
Separation/retirement benefits	1,307,578	-	-	1,307,578
Unassigned	2,963,695	50,315	-	3,014,010
Total Fund Balances	6,143,586	54,806	2,814,358	9,012,750
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 16,283,014	\$ 69,000	\$ 2,873,477	\$ 19,225,491

Independent School District No. 2144
 Chisago City, Minnesota
 Schedule of the Components of the General Fund
 Revenues, Expenditures and Changes in Fund Balances (Continued on the Following Page)
 For the Year Ended June 30, 2024

	Components of the General Fund			Total General Fund
	General	Pupil Transportation	Capital Expenditures	
Revenues				
Local property tax levies	\$ 4,957,674	\$ -	\$ 1,069,471	\$ 6,027,145
Interest earned on investments	398,614	6,850	127,153	532,617
Revenue from local sources	2,609,929	43,280	30,056	2,683,265
Revenue from state sources	33,321,841	2,978,639	733,375	37,033,855
Revenue from federal sources	545,392	-	-	545,392
Sales and other conversion of assets	1,675	-	-	1,675
Total Revenues	<u>41,835,125</u>	<u>3,028,769</u>	<u>1,960,055</u>	<u>46,823,949</u>
Expenditures				
Current				
Administration				
Salaries and wages	1,198,912	-	-	1,198,912
Employee benefits	425,424	-	-	425,424
Purchased services	24,780	-	-	24,780
Supplies and materials	12,389	-	-	12,389
Other	30,466	-	-	30,466
Total administration	<u>1,691,971</u>	<u>-</u>	<u>-</u>	<u>1,691,971</u>
District support services				
Salaries and wages	651,463	-	-	651,463
Employee benefits	514,536	-	-	514,536
Purchased services	280,650	-	-	280,650
Supplies and materials	31,314	-	-	31,314
Other	797	-	-	797
Total district support services	<u>1,478,760</u>	<u>-</u>	<u>-</u>	<u>1,478,760</u>
Elementary and secondary regular instruction				
Salaries and wages	12,064,834	-	-	12,064,834
Employee benefits	3,739,160	-	-	3,739,160
Purchased services	1,359,109	-	-	1,359,109
Supplies and materials	782,480	-	104,396	886,876
Other	13,713	-	-	13,713
Total elementary and secondary regular instruction	<u>17,959,296</u>	<u>-</u>	<u>104,396</u>	<u>18,063,692</u>
Vocational education instruction				
Salaries and wages	1,155,052	-	-	1,155,052
Employee benefits	383,779	-	-	383,779
Purchased services	41,895	-	-	41,895
Supplies and materials	144,578	-	-	144,578
Total vocational education instruction	<u>1,725,304</u>	<u>-</u>	<u>-</u>	<u>1,725,304</u>

Independent School District No. 2144
Chisago City, Minnesota
Schedule of the Components of the General Fund
Revenues, Expenditures and Changes in Fund Balances (Continued)
For the Year Ended June 30, 2024

	Components of the General Fund			Total General Fund
	General	Pupil Transportation	Capital Expenditures	
Expenditures (Continued)				
Current (continued)				
Special education instruction				
Salaries and wages	\$ 6,348,935	\$ -	\$ -	\$ 6,348,935
Employee benefits	2,142,232	-	-	2,142,232
Purchased services	1,737,611	-	-	1,737,611
Supplies and materials	53,959	-	-	53,959
Other	1,187	-	-	1,187
Total special education instruction	<u>10,283,924</u>	<u>-</u>	<u>-</u>	<u>10,283,924</u>
Instructional support services				
Salaries and wages	1,771,524	-	-	1,771,524
Employee benefits	523,763	-	-	523,763
Purchased services	290,224	-	-	290,224
Supplies and materials	159,053	-	112,717	271,770
Other	1,021	-	-	1,021
Total instructional support services	<u>2,745,585</u>	<u>-</u>	<u>112,717</u>	<u>2,858,302</u>
Pupil support services				
Salaries and wages	878,182	-	-	878,182
Employee benefits	282,876	-	-	282,876
Purchased services	225,275	2,964,595	-	3,189,870
Supplies and materials	34,614	181,843	-	216,457
Other	150	-	-	150
Total pupil support services	<u>1,421,097</u>	<u>3,146,438</u>	<u>-</u>	<u>4,567,535</u>
Sites and buildings				
Salaries and wages	1,297,907	-	15,184	1,313,091
Employee benefits	427,224	-	6,162	433,386
Purchased services	1,216,627	-	387,683	1,604,310
Supplies and materials	254,629	-	9,450	264,079
Other	13,108	-	-	13,108
Total sites and buildings	<u>3,209,495</u>	<u>-</u>	<u>418,479</u>	<u>3,627,974</u>
Total current	<u>40,515,432</u>	<u>3,146,438</u>	<u>635,592</u>	<u>44,297,462</u>
Capital outlay				
District support services	259,498	-	10,752	270,250
Elementary and secondary regular instruction	6,562	-	148,101	154,663
Vocational education instruction	13,201	-	-	13,201
Instructional support services	96,964	-	55,127	152,091
Sites and buildings	-	-	625,520	625,520
Total capital outlay	<u>376,225</u>	<u>-</u>	<u>839,500</u>	<u>1,215,725</u>
Expenditures (Continued)				
Debt service				
Interest and other charges	140	-	-	140
Total Expenditures	<u>40,891,797</u>	<u>3,146,438</u>	<u>1,475,092</u>	<u>45,513,327</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	943,328	(117,669)	484,963	1,310,622
Other Financing Sources (Uses)				
Insurance recovery	12,079	-	-	12,079
Net Change in Fund Balances	955,407	(117,669)	484,963	1,322,701
Fund Balances, July 1	5,188,179	172,475	2,329,395	7,690,049
Fund Balances, June 30	<u>\$ 6,143,586</u>	<u>\$ 54,806</u>	<u>\$ 2,814,358</u>	<u>\$ 9,012,750</u>



Fiscal Compliance Report - 6/30/2024
District: CHISAGO LAKES (2144-1)

	Audit	UFARS	Audit - UFARS		Audit	UFARS	Audit - UFARS
01 GENERAL FUND				06 BUILDING CONSTRUCTION			
Total Revenue	\$46,823,619	<u>\$46,823,621</u>	(\$2)	Total Revenue	\$2	<u>\$3</u>	(\$1)
Total Expenditures	\$45,513,327	<u>\$45,513,327</u>	\$0	Total Expenditures	\$0	<u>\$0</u>	\$0
<i>Non Spendable:</i>				<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$499,644	<u>\$499,644</u>	\$0	4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	\$0
<i>Restricted / Reserved:</i>				<i>Restricted / Reserved:</i>			
4.01 Student Activities	\$373,025	<u>\$373,025</u>	\$0	4.07 Capital Projects Levy	\$0	<u>\$0</u>	\$0
4.02 Scholarships	\$0	<u>\$0</u>	\$0	4.13 Funded by COP/FP	\$0	<u>\$0</u>	\$0
4.03 Staff Development	\$47,853	<u>\$47,855</u>	(\$2)	4.67 LTFM	\$0	<u>\$3</u>	(\$3)
4.07 Capital Projects Levy	\$0	<u>\$0</u>	\$0	<i>Restricted:</i>			
4.08 Cooperative Revenue	\$0	<u>\$0</u>	\$0	4.64 Restricted Fund Balance	\$71	<u>\$69</u>	\$2
4.12 Literacy Incentive Aid	\$0	<u>\$0</u>	\$0	<i>Unassigned:</i>			
4.14 Operating Debt	\$0	<u>\$0</u>	\$0	4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	\$0
4.16 Levy Reduction	\$0	<u>\$0</u>	\$0	07 DEBT SERVICE			
4.17 Taconite Building Maint	\$0	<u>\$0</u>	\$0	Total Revenue	\$5,446,362	<u>\$5,446,363</u>	(\$1)
4.20 American Indian Education Aid	\$0	<u>\$0</u>	\$0	Total Expenditures	\$5,167,989	<u>\$5,167,989</u>	\$0
4.24 Operating Capital	\$1,634,954	<u>\$1,634,953</u>	\$1	<i>Non Spendable:</i>			
4.26 \$25 Taconite	\$0	<u>\$0</u>	\$0	4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	\$0
4.27 Disabled Accessibility	\$0	<u>\$0</u>	\$0	<i>Restricted / Reserved:</i>			
4.28 Learning & Development	\$287,917	<u>\$287,919</u>	(\$2)	4.25 Bond Refundings	\$0	<u>\$0</u>	\$0
4.34 Area Learning Center	\$0	<u>\$0</u>	\$0	4.33 Maximum Effort Loan Aid	\$0	<u>\$0</u>	\$0
4.35 Contracted Alt. Programs	\$0	<u>\$0</u>	\$0	4.51 QZAB Payments	\$0	<u>\$0</u>	\$0
4.36 State Approved Alt. Program	\$0	<u>\$0</u>	\$0	4.67 LTFM	\$0	<u>\$0</u>	\$0
4.38 Gifted & Talented	\$98,638	<u>\$98,636</u>	\$2	<i>Restricted:</i>			
4.39 English Learner	\$0	<u>\$0</u>	\$0	4.64 Restricted Fund Balance	\$1,334,867	<u>\$1,334,867</u>	\$0
4.40 Teacher Development and Evaluation	\$0	<u>\$0</u>	\$0	<i>Unassigned:</i>			
4.41 Basic Skills Programs	\$580,868	<u>\$580,869</u>	(\$1)	4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	\$0
4.43 School Library Aid	\$0	<u>\$0</u>	\$0	08 TRUST			
4.48 Achievement and Integration	\$0	<u>\$0</u>	\$0	Total Revenue	\$0	<u>\$0</u>	\$0
4.49 Safe Schools Levy	\$0	<u>\$0</u>	\$0	Total Expenditures	\$0	<u>\$0</u>	\$0
4.51 QZAB Payments	\$0	<u>\$0</u>	\$0	<i>Restricted / Reserved:</i>			
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	\$0	4.01 Student Activities	\$0	<u>\$0</u>	\$0
4.53 Unfunded Sev & Retiremt Levy	\$0	<u>\$0</u>	\$0	4.02 Scholarships	\$0	<u>\$0</u>	\$0
4.59 Basic Skills Extended Time	\$0	<u>\$0</u>	\$0	4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	\$0
4.67 LTFM	\$1,133,812	<u>\$1,133,814</u>	(\$2)	18 CUSTODIAL			
4.71 Student Support Personnel Aid	\$0	<u>\$0</u>	\$0	Total Revenue	\$51,535	<u>\$51,535</u>	\$0
4.72 Medical Assistance	\$34,451	<u>\$34,451</u>	\$0	Total Expenditures	\$28,250	<u>\$28,250</u>	\$0
<i>Restricted:</i>				<i>Restricted / Reserved:</i>			
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	\$0	4.01 Student Activities	\$0	<u>\$0</u>	\$0
4.75 Title VII Impact Aid	\$0	<u>\$0</u>	\$0	4.02 Scholarships	\$38,403	<u>\$38,403</u>	\$0
4.76 Payments in Lieu of Taxes	\$0	<u>\$0</u>	\$0	4.48 Achievement and Integration	\$0	<u>\$0</u>	\$0
<i>Committed:</i>				4.64 Restricted Fund Balance	\$0	<u>\$0</u>	\$0
4.18 Committed for Separation	\$0	<u>\$0</u>	\$0	20 INTERNAL SERVICE			
4.61 Committed Fund Balance	\$0	<u>\$0</u>	\$0	Total Revenue	\$0	<u>\$0</u>	\$0
<i>Assigned:</i>				Total Expenditures	\$0	<u>\$0</u>	\$0
4.62 Assigned Fund Balance	\$1,307,578	<u>\$1,307,578</u>	\$0	4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	\$0
<i>Unassigned:</i>				25 OPEB REVOCABLE TRUST			
4.22 Unassigned Fund Balance	\$3,014,010	<u>\$3,014,011</u>	(\$1)	Total Revenue	\$0	<u>\$0</u>	\$0
02 FOOD SERVICES				96 Total Expenditures	\$0	<u>\$0</u>	\$0
Total Revenue	\$2,731,807	<u>\$2,731,807</u>	\$0				
Total Expenditures	\$2,522,878	<u>\$2,522,875</u>	\$3				
<i>Non Spendable:</i>							

Minnesota Department of Education

4.60 Non Spendable Fund Balance <i>Restricted / Reserved:</i>	\$79,666	<u>\$79,666</u>	<u>\$0</u>
4.52 OPEB Liab Not In Trust <i>Restricted:</i>	\$0	<u>\$0</u>	<u>\$0</u>
4.64 Restricted Fund Balance <i>Unassigned:</i>	\$1,148,836	<u>\$1,148,837</u>	<u>(\$1)</u>
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>

04 COMMUNITY SERVICE

Total Revenue	\$3,051,339	<u>\$3,051,347</u>	<u>(\$8)</u>
Total Expenditures <i>Non Spendable:</i>	\$3,256,431	<u>\$3,256,434</u>	<u>(\$3)</u>
4.60 Non Spendable Fund Balance <i>Restricted / Reserved:</i>	\$0	<u>\$0</u>	<u>\$0</u>
4.26 \$25 Taconite	\$0	<u>\$0</u>	<u>\$0</u>
4.31 Community Education	(\$149,064)	<u>(\$149,059)</u>	<u>(\$5)</u>
4.32 E.C.F.E	\$481,374	<u>\$481,375</u>	<u>(\$1)</u>
4.40 Teacher Development and Evaluation	\$0	<u>\$0</u>	<u>\$0</u>
4.44 School Readiness	\$314,015	<u>\$314,016</u>	<u>(\$1)</u>
4.47 Adult Basic Education	\$0	<u>\$0</u>	<u>\$0</u>
4.52 OPEB Liab Not In Trust <i>Restricted:</i>	\$0	<u>\$0</u>	<u>\$0</u>
4.64 Restricted Fund Balance <i>Unassigned:</i>	\$6,148	<u>\$6,148</u>	<u>\$0</u>
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>

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

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

47 OPEB DEBT SERVICE

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

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OTHER REPORTS

INDEPENDENT SCHOOL DISTRICT NO. 2144
CHISAGO CITY, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2024

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**INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE**

Members of the Board of Education
Independent School District No. 2144
Chisago City, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Independent School District No. 2144 (the District), Chisago City, Minnesota as of and for the year ended June 30, 2024, and the related notes to the financial statements, and have issued our report thereon dated December 13, 2024.

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 and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, except as described in the Schedule of Findings, Responses and Questioned Costs as items 2024-001 and 2024-002. 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.

The District's responses to the findings in our audit are described in the accompanying Schedule of Findings, Responses and Questioned Costs. The District's Responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of those charged with governance and management of the District and the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.



Abdo
Minneapolis, Minnesota
December 13, 2024

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

Members of the Board of Education
Independent School District No. 2144
Chisago City, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Independent School District No. 2144 (the District), Chisago City, Minnesota, 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 13, 2024.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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 two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, Minnesota Statutes and other as items 2024-001 and 2024-002.

Response to Finding

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

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 communication is not suitable for any other purpose.



Abdo
Minneapolis, Minnesota
December 13, 2024



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FEDERAL FINANCIAL AWARD PROGRAMS
INDEPENDENT SCHOOL DISTRICT NO. 2144
CHISAGO CITY, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2024

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

Members of the Board of Education
Independent School District No. 2144
Chisago City, Minnesota

Opinion on Each Major Federal Program

We have audited the Independent School District No. 2144 (the District), Chisago District, Minnesota compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major Federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Questioned Costs and Responses.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to 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 above 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 above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the 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 above 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.

Report on Internal Control Over Compliance

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



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

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

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



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Minneapolis, Minnesota
December 13, 2024



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Independent School District No. 2144
Chisago District, Minnesota
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Administering Department	Grant Name	Federal Domestic Assistance Number	Federal Program Clusters	Federal Expenditures
U.S. Department of Education				
MN Department of Education	Title I Grants to Local Educational Agencies	84.010		\$ 257,498
MN Department of Education	Career and Technical Education Basic Grants	84.048		29,976
MN Department of Education	Improving Teacher Quality State Grants	84.367		60,966
MN Department of Education	Special Education IDEA, Part B Total Special Education Cluster	84.027	<u>103,273</u>	<u>103,273</u>
Total U.S. Department of Education				<u>451,713</u>
U.S. Department of Agriculture				
MN Department of Education	School Breakfast Program	10.553	143,331	
MN Department of Education	National School Lunch Program Total Child Nutrition Cluster	10.555	<u>821,651</u>	964,982
MN Department of Education	COVID-19 - Pandemic EBT Administrative Costs	10.649		<u>3,256</u>
Total U.S. Department of Agriculture				<u>968,238</u>
U.S. Department of the Treasury				
MN Department of Education Chisago County	COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027		82,336
	COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027		<u>8,333</u>
Total U.S. Department of Treasury				<u>90,669</u>
Total Federal Expenditures				<u>\$ 1,510,620</u>

Independent School District No. 2144
Chisago District, Minnesota
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Independent School District No. 2144 (the District) under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirement of the Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Note 2: Summary of Significant Accounting Policies for Expenditures

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting for governmental funds, which is described in Note 1C to the District's financial statements. This activity is reported in the General fund and nonmajor governmental funds.

Note 3: Pass-through Entity Identifying Numbers

Pass-through entity identifying numbers are presented where available.

Note 4: Subrecipients

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

Note 5: Indirect Cost Rate

During the year ended June 30, 2024, the District did not elect to use the 10 percent de minimis indirect cost rate.

Independent School District No. 2144
 Chisago District, Minnesota
 Schedule of Findings, Questioned Costs and Responses
 For the Year Ended June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 5169(a) of Uniform Guidance?	No

Identification of Major Programs/Projects

	CFDA No.
U.S. Department of Education	
School Breakfast Program	10.553
National School Lunch Program	10.555
Dollar threshold used to distinguish between Type A and Type B Programs	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

There were no findings related to the audit of the financial statements reported in the 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*.

Section III - Major Federal Award Findings and Questioned Costs

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

Independent School District No. 2144
Chisago District, Minnesota
Schedule of Findings, Responses and Questioned Costs (Continued)
For the Year Ended June 30, 2024

<u>Finding</u>	<u>Description</u>
2024-001	Student Activity Accounts with Lacking Instruction for Disposal of the Balance of Funds Upon Termination
<i>Condition:</i>	<i>During our testing of</i> student activity accounts, we noted that had no instructions for disposal of the balance of the activities funds upon termination.
<i>Criteria:</i>	The Manual for Activity Fund Accounting (MAFA) states each student activity must have an activity purpose summary that includes instructions for disposal of the balance of the activities funds upon termination.
<i>Cause:</i>	The cause of the finding is unknown.
<i>Effect:</i>	The District is not in compliance with MAFA and instructions for disposal of the balance of the activities funds upon termination need to be included in the District’s student activity purpose summary.
<i>Recommendation:</i>	We recommend that the District includes instructions for disposal of the balance of the activities funds upon termination in the District’s student activity purpose summary.
<i>Management Response:</i>	
	There is no disagreement with this finding. The District will take action to avoid similar occurrences in the future.

Independent School District No. 2144
Chisago District, Minnesota
Schedule of Findings, Responses and Questioned Costs (Continued)
For the Year Ended June 30, 2024

<u>Finding</u>	<u>Description</u>
2024-002	Collateral Coverage
<i>Condition:</i>	Auditing of legal compliance requires a review of the District's deposits and investments. Our study indicated an instance of non-compliance that we believe is required to be remedied. The District had \$694,190 of deposits uncollateralized on June 30, 2024.
<i>Criteria:</i>	In accordance with Minnesota Statute, section 118A.03, the District is required to have pledged collateral equal to 110 percent of the deposit not covered with insurance.
<i>Cause:</i>	The cause of the finding is unknown.
<i>Effect:</i>	At year end, the District did not have sufficient collateral pledged and therefore was not in compliance with state statute.
<i>Recommendation:</i>	We recommend the District establish a more specific understanding with the bank for the needed collateral. Ultimately, it is the District's responsibility to have adequate coverage regardless of the bank's process.

Management Response:

The Business Manager has taken the appropriate action to ensure that District's deposits are sufficiently covered by collateral throughout the entire month.



29678 Karmel Ave
Chisago City, MN 55013
651-213-2000
isd2144.org

Brian Dietz
Superintendent

Robyn Vosberg-Torgerson
Director of Business Services

Cory Becker
Director of Human Resources

Laura Cierzan
Director of Food & Nutrition
Services

Jennifer DuFresne
Special Services Supervisor

Michelle Kleist
Director of Community
Engagement & Outreach

Dan McGonigle
Director of Community
Education

Sarah Schmidt
Director of Teaching & Learning

Eric Simmons
Director of Technology Services

CORRECTIVE ACTION PLAN

The following is our response to findings in the audit as of June 30, 2024

FINDING 2024-001 Student Activity Accounts with Lacking Instruction for Disposal of the Balance of Funds Upon Termination

During our audit, we noted a number of student activity accounts that had no that had no instructions for disposal of the balance of the activities funds upon termination. The Manual for Activity Fund Accounting (MAFA) states that instructions for disposal of the balance of the activities funds upon termination are required in the student activity purpose summary.

Corrective Action Plan (CAP):

1. Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding:

The District will review policies and procedures to ensure instructions for disposal of the balance of the activities funds upon termination are in the student activity purpose summary in future fiscal years.

3. Official Responsible for Ensuring CAP:

Robyn Vosberg-Torgerson, Business Manager, is the official responsible for ensuring corrective action.

4. Planned Completion Date for CAP:

Fiscal year end 2025 and continuous.

5. Plan to Monitor Completion of CAP:

The District will review the student activity purpose summary before the year end.

Robyn Vosberg-Torgerson
Business Manager



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isd2144.org

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CORRECTIVE ACTION PLAN

The following is our response to findings in the audit as of June 30, 2024

FINDING 2024-002 Collateral Coverage

Auditing of legal compliance requires a review of the District's deposits and investments. Our study indicated an instance of non-compliance that we believe is required to be remedied. The District had \$694,190 of deposits uncollateralized on June 30, 2024.

Corrective Action Plan (CAP):

1. Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding:

The District will review policies and procedures to ensure no student activities have a negative account balances in future fiscal years. This includes a periodic process of activity balance review by individuals involved in the process.

3. Official Responsible for Ensuring CAP:

Robyn Vosberg-Torgerson, Business Manager, is the official responsible for ensuring corrective action.

4. Planned Completion Date for CAP:

Fiscal year end 2025 and continuous.

5. Plan to Monitor Completion of CAP:

The District will review collateral coverage for required bank accounts before the year end.

Robyn Vosberg-Torgerson, Business Manager

Independent School District No. 2144
Chisago District, Minnesota
Schedule of Prior Year Audit Findings and Responses
For the Year Ended June 30, 2024

The following is our response to the prior year audit findings:

<u>Finding</u>	<u>Description</u>
2023-001	Student Activity Account with Deficit Balance
<i>Condition:</i>	We noted a number of student activity accounts that had a deficit year-end balance.
<i>Criteria:</i>	The Manual for Activity Fund Accounting (MAFA) states that no individual student activity will operate with a negative cash balance at the end of the fiscal year.
<i>Cause:</i>	The cause of the finding is unknown.
<i>Effect:</i>	The District is not in compliance with MAFA and negative balances will ultimately need to be covered with other District funds.
<i>Recommendation:</i>	We recommend that the District assure all student activity accounts do not spend in excess of available funds and eliminate the existing student activity account balance deficit. We also recommend periodically reviewing the balances to ensure they are not negative throughout the fiscal year.

Management Response:

There is no disagreement with this finding. The District will take action to avoid similar occurrences in the future.

Updated Progress Since Prior Year:

Finding was corrected in the current year.