

FINANCIAL STATEMENTS
INDEPENDENT SCHOOL DISTRICT NO. 2902
RTR PUBLIC SCHOOLS
TYLER, MINNESOTA 56178
FOR THE YEAR ENDING JUNE 30, 2024

Meulebroeck, Taubert & Co., PLLP
Certified Public Accountants
P.O. Box 707
Pipestone, Minnesota 56164

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Independent School District No. 2902
RTR Public Schools
Tyler, Minnesota

BOARD OF EDUCATION AND ADMINISTRATIVE PERSONNEL
JUNE 30, 2022

BOARD OF EDUCATION

Jeff Hansen	Chair	01/01/16 – 12/31/24
Craig Hess	Vice Chair	01/01/16 – 12/31/24
Matt Kerkaert	Treasurer	01/01/23 – 12/31/26
Margret (Peggy) Dunblazier	Clerk	01/01/18 – 12/31/26
Nick Johansen	Director	01/01/23 – 12/31/26
Anthony Dybdahl	Director	01/01/16 – 12/31/24
Troy Chandler	Director	01/01/16 – 12/31/24

ADMINISTRATIVE PERSONNEL

David Marlette	Superintendent
Alex Rott	Accounting Clerk
Sallie Thooft	Accounting Clerk

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Amy L. Mollberg, CPA

WITH THE FIRM
Kirk W. Morgan, CPA

INDEPENDENT AUDITOR'S REPORT

To The Board of Education
Independent School District No. 2902
RTR Public Schools
Tyler, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Independent School District No. 2902, RTR Public Schools, Tyler, 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 and each major fund of the Independent School District No. 2902, RTR Public Schools, Tyler, Minnesota as of June 30, 2024, and the respective changes in financial position, and the respective budgetary comparison for General Fund and Major Special Revenue Funds (Food Service Fund and Community Service Fund), for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Governmental 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 Independent School District No. 2902, RTR Public Schools, Tyler, Minnesota, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financials 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 Independent School District No. 2902, RTR Public Schools, Tyler, Minnesota's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 Independent School District No. 2902, RTR Schools, Tyler, Minnesota's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Independent School District 2902, RTR Schools, Tyler, Minnesota's ability to continue as a going concern for a reasonable period of time.

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

The Financial statements include partial prior-year comparative information, which does not include all of the information required in a presentation in conformity with accounting principles generally accepted in the United States of America. The prior year partial comparative information has been derived from the District's financial statements for the year ended June 30, 2023, and in our report dated October 4, 2023, we expressed unqualified opinions on the respective financial statements of the governmental activities and each major fund. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2023, from which it was derived.

Required Supplementary Information

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

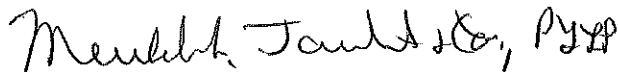
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Independent School District No. 2902, RTR Public Schools, Tyler, Minnesota's basic financial statements. The accompanying combining and individual fund statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Uniform Financial Accounting and Reporting Standards Compliance Table 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 statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Independent School District No. 2902
RTR Public Schools
Tyler, Minnesota
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2024, on our consideration of the Independent School District No. 2902'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 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 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 Independent School District No. 2902's internal control over financial reporting and compliance.



Meulebroeck, Taubert Co., PLLP
Certified Public Accountants
Pipestone, Minnesota

September 25, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2024

This section of the Independent School District No. 2902's annual financial report presents management's discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2024. Please read it in conjunction with the other components of the District's annual financial report.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 --*Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2024) and the prior year (2023) is presented in the MD&A.

Financial Highlights

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

- Net position increased by \$1,504,905, or 54.2% over June 30, 2023 due primarily to the GASB 68 required adjustment for TRA and PERA obligations.
- Fund Balance increased by \$364,245, or 9.1% over June 30, 2023 in part due to increased state aid.
- Total governmental revenues increased by \$1,513,677, or 13.2% in comparison to fiscal year 2023, and expenditures increased by \$156,687, or 1.3% in comparison to fiscal year 2023.

Overview of the Financial Statements

The financial section of the annual report consists of four parts -- Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include District-wide financial statements and fund financial statements and the notes to the financial statements.

Government-Wide Statements

The government-wide statements (statement of net position and statement of activities) report information about the District as a whole using accounting methods similar to those used by private sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position -- the difference between the District's assets and liabilities -- is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. You also need to consider other nonfinancial factors, however, such as changes in the District's property tax base, pupil enrollment, and the condition of school facilities.

Independent School District No. 2902
RTR Public Schools
Tyler, Minnesota

Fund Financial Statements

The fund financial statements include more detailed information about a District's individual funds.

The District maintains the following funds:

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

Financial Analysis of the District As A Whole

As noted, net position may serve over time as a useful indicator of a government's financial position. In the case of the Independent School District No. 2902, assets exceeded liabilities by \$4,283,870 at the close of the most recent fiscal year. This was an increase of \$1,504,905 or 54.2% from the previous year total of \$2,778,965. The increase is due primarily to the GASB 68 required adjustment for TRA and PERA obligations.

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

Table 1 Statement of Net Position As of June 30, 2024		
Assets	<u>2024</u>	<u>2023</u>
Current and other assets	8,394,624	8,163,458
Capital assets, net of depreciation	<u>38,494,921</u>	<u>39,148,086</u>
Total Assets	46,889,545	47,311,544
Deferred Outflows of Resources		
Related to OPEB	32,795	31,048
Related to Pensions	<u>1,349,032</u>	<u>1,738,955</u>
Total Deferred Outflows of Resources	<u>1,381,827</u>	<u>1,770,003</u>
Total Assets and Deferred Outflows of Resources	<u>48,271,372</u>	<u>49,081,547</u>
Liabilities		
Current and other liabilities	1,601,141	1,455,006
Long-term liabilities	<u>39,073,922</u>	<u>40,826,218</u>
Total Liabilities	40,675,063	42,281,224
Deferred Inflows of Resources		
Property Taxes Levied for Subsequent Year	2,884,594	3,187,271
Related to OPEB	76,750	47,404
Related to Pensions	<u>351,095</u>	<u>786,683</u>
Total Deferred Inflows of Resources	3,312,439	4,021,358
Net Position		
Net investment in capital assets, net of related debt	3,711,511	3,039,093
Restricted	2,078,479	1,622,200
Unrestricted	<u>(1,506,120)</u>	<u>(1,882,328)</u>
Total Net Position	<u>4,283,870</u>	<u>2,778,965</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>48,271,372</u>	<u>49,081,547</u>

The District's financial position is the product of numerous factors. Therefore, it is important to view the net position balance as a starting point to evaluate future years' results, rather than to just focus on the current balance.

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

Table 2
Change in Net Position
For the year ended June 30, 2024

Revenues	<u>2024</u>	<u>2023</u>
Program Revenues		
Charges for Services	281,060	442,871
Operating Grants and Contributions	1,887,851	1,268,042
General Revenues		
Property Taxes	2,081,593	2,024,751
Unrestricted Federal and State Aid	7,994,492	7,081,453
Restricted Federal Aid	209,158	135,977
Earnings on Investments	225,387	139,513
Bond Premium	169,219	169,221
Other	284,379	355,586
Gain (Loss) on Sale of Property	250	37,268
Total revenues	13,133,389	11,654,682
Expenses		
District and School Administration	778,574	740,634
District Support Services	239,349	221,797
Regular Instruction	3,761,293	3,050,158
Vocational Instruction	281,382	181,645
Exceptional Instruction	1,065,841	862,570
Instructional Support Services	278,980	275,527
Pupil Support Services	1,334,940	1,170,191
Site, Buildings, and Equipment	1,826,512	2,060,452
Fiscal and Other Fixed Cost Programs	75,428	67,313
Food Service	539,553	453,830
Community Service	284,038	195,003
Interest and Fiscal Charges on		
Long-term Liabilities	1,162,594	1,223,610
Total expenses	11,628,484	10,502,730
Change in net position	1,504,905	1,151,952
Beginning net position	<u>2,778,965</u>	<u>1,627,013</u>
Ending net position	<u>4,283,870</u>	<u>2,778,965</u>

The district's total revenue consisted of program revenues of \$2,168,911, property taxes of \$2,081,593, federal and state aid not restricted to specific purposes of \$7,994,492, federal aid restricted to specific purposes of \$209,158, unrestricted investment earnings of \$225,387, bond premium of \$169,219, other revenues of \$284,379, and gain (loss) on sale of property of \$250.

The cost of all governmental activities this year was \$11,628,484.

- The users of the district programs paid for \$281,060 or 2.4% of the total costs.
- Operating grants and contributions consisting of federal and state aids restricted for specific purposes and donations totaled \$1,887,851 or 16.2% of total costs.
- The state and federal governments subsidized certain programs with aid not restricted for specific purposes. This totaled \$7,994,492 or 68.7% of total costs.

Figure A and Figure B show further analysis of these revenue sources and expenditure functions.

Figure A
Sources of Revenue for Fiscal Year 2024

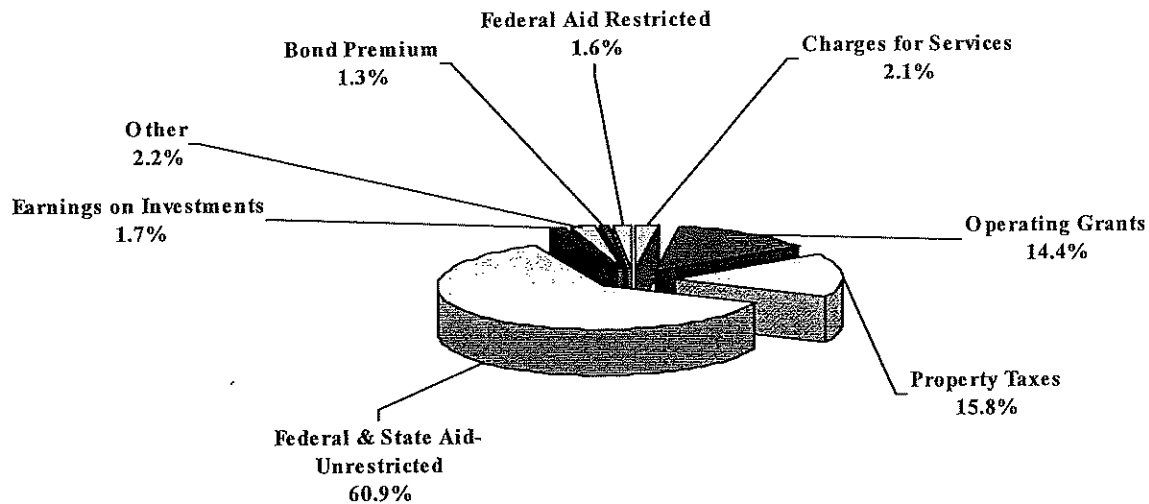
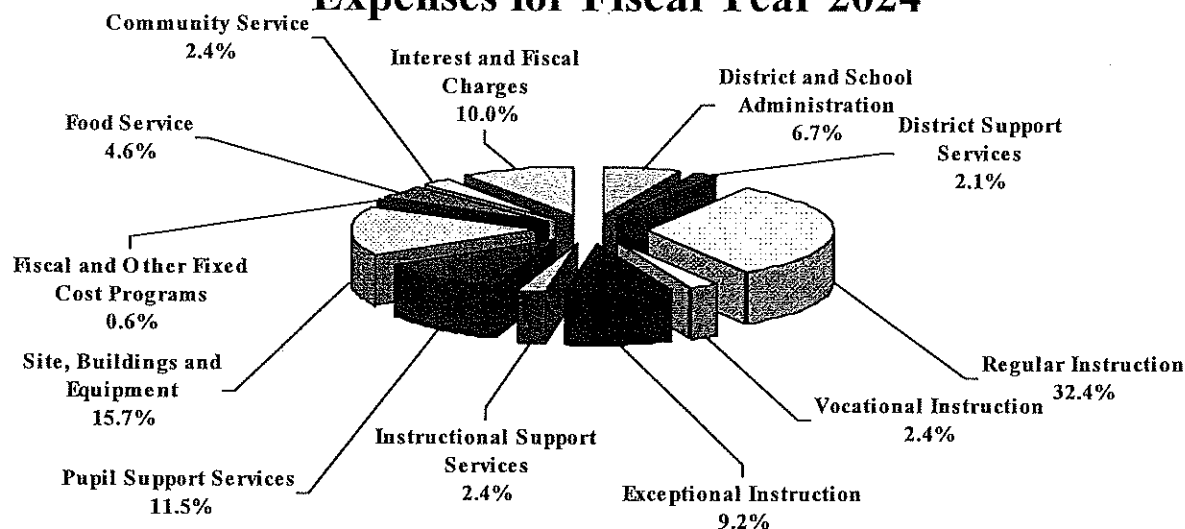


Figure B
Expenses for Fiscal Year 2024



Financial Analysis of the District's Funds (Fund Financial Statements)

Fund Balance

The financial performance of the district as a whole is reflected in its governmental funds as well. As the district completed the year, the governmental funds reported a combined fund balance of \$4,386,140, which is an increase of \$364,245 over the prior year fund balance of \$4,021,895. The General Fund had an increase of \$391,014. The Food Service Fund had an increase of \$151,106. The Community Service Fund had a decrease of \$53,763. The Capital Projects Fund had a decrease of \$299,525. The Debt Service Fund had an increase of \$175,413.

Revenues and Expenditures/Expenses

Revenues of the district's governmental funds totaled \$12,960,847 while total expenditures were \$12,596,852. A summary of the revenues and expenditures reported on the governmental financial statements is as follows:

	Revenue	Expenditures	Other Financing Sources (Uses)	Fund Balance Increase (Decrease)
General Fund	9,398,884	9,008,120	250	391,014
Food Service Fund	677,511	526,405		151,106
Community Service Fund	230,275	284,038		(53,763)
Capital Projects Fund	39,309	338,834		(299,525)
Debt Service Fund	<u>2,614,868</u>	<u>2,439,455</u>		<u>175,413</u>
Total	<u>12,960,847</u>	<u>12,596,852</u>	<u>250</u>	<u>364,245</u>

General Fund Budgetary Analysis

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to as the original budget. During the year, the District might amend that budget for known changes in circumstances such as legislative funding. During fiscal year 2024, the District revised the budget. The district's revised budget anticipated that expenditures would exceed revenues and other financing sources (uses) by \$492,620. The actual results for the year showed revenues exceeding expenditures by \$391,014.

- Actual general fund revenues were more than the budget by \$824,344 primarily due to differences in federal and state revenue.
- Actual general fund expenditures were less than the budget by \$83,040 primarily due to over budgeting expenditures for site, building and equipment.

Capital Assets

Table 3 shows the District's capital assets and the total depreciation expense for fiscal year ending June 30, 2024 and 2023. More detailed information about the district's capital assets is presented in Note 6.

Table 3
Capital Assets

	<u>2024</u>	<u>2023</u>	<u>Increase (Decrease)</u>
Construction in Progress	15,103		15,103
Land	124,095	124,095	
Land Improvements	4,909,857	4,852,330	57,527
Buildings and Improvements	35,012,945	34,753,599	259,346
Equipment	1,579,788	1,539,357	40,431
Pupil Transportation Vehicles	81,799	81,799	
Less: Accumulated Depreciation	<u>(3,228,666)</u>	<u>(2,203,094)</u>	<u>(1,025,572)</u>
Total	<u>38,494,921</u>	<u>39,148,086</u>	<u>(653,165)</u>
Depreciation Expense	<u>1,025,572</u>	<u>1,021,058</u>	<u>4,514</u>

Independent School District No. 2902
RTR Public Schools
Tyler, Minnesota

Capital asset activity for the current fiscal year includes surveillance system, wireless access points, backup generator, fencing, and parking lot improvements.

Long-Term Liabilities

At the end of the current fiscal year, the District's long-term liabilities consisted of General Obligation Bonds of \$29,600,000, Certificates of Participation of \$1,860,000, severance payable of \$57,446, amortizable bond premium of \$2,519,447, amortizable Certificates of Participation premium of \$94,944, and notes from direct borrowing of \$42,793. In fiscal year 2024, net severance liability increased by \$16,574, the net OPEB liability increased by \$48,229, and the net pension liability decreased by \$122,044. More detailed information about the district's long-term liabilities is presented in Note 10.

Factors Bearing on the District's Future

With the exception of voter-approved excess operating referendum, the District is dependent on the State of Minnesota for the vast majority of its funding.

Contacting the District's Management

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact the consolidated district's business office at Independent School District No. 2902, RTR Public Schools, at 111 County Road 8, Tyler, Minnesota, 56178.

STATEMENT OF NET POSITION
JUNE 30, 2024

<u>Assets</u>	<u>2024</u>	<u>2023</u>
Cash and Investments	5,253,522	5,113,227
Receivables:		
Property Taxes	2,046,635	2,107,410
Governmental Units	1,081,702	935,370
Other	6,452	2,161
Inventory	6,313	2,310
Prepaid Items		2,980
Capital Assets:		
Non-Depreciable	139,198	124,095
Depreciable - net of accumulated depreciation	38,355,723	39,023,991
Total Assets	46,889,545	47,311,544
<u>Deferred Outflows of Resources</u>		
Related to OPEB	32,795	31,048
Related to Pensions	1,349,032	1,738,955
Total Deferred Outflows of Resources	1,381,827	1,770,003
Total Assets and Deferred Outflows of Resources	48,271,372	49,081,547
<u>Liabilities, Deferred Inflows of Resources and Net Position</u>		
<u>Liabilities</u>		
Payables:		
Salaries Payable	327,013	306,777
Accounts Payable	250,673	137,296
Payroll Deductions	340,243	322,171
Governmental Units	122,511	118,607
Accrued Vacation	33,301	27,180
Accrued Interest	456,842	483,353
Unearned Revenue	70,558	59,622
Long Term Liabilities:		
Portion Due Within One Year	1,700,203	1,620,663
Portion Due in More Than One Year	32,474,427	34,135,990
Pension Benefits Payable	4,717,893	4,839,937
OPEB Liability	181,399	229,628
Total Liabilities	40,675,063	42,281,224
<u>Deferred Inflows of Resources</u>		
Property Taxes Levied for Subsequent Year	2,884,594	3,187,271
Related to OPEB	76,750	47,404
Related to Pensions	351,095	786,683
Total Deferred Inflows of Resources	3,312,439	4,021,358
<u>Net Position</u>		
Net Investment in Capital Assets	3,711,511	3,039,093
Restricted	2,078,479	1,622,200
Unrestricted	(1,506,120)	(1,882,328)
Total Net Position	4,283,870	2,778,965
Total Liabilities, Deferred Inflows of Resources and Net Position	48,271,372	49,081,547

See accompanying notes to the financial statements.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

		Program Revenues			2024	2023
					Net (Expense)	Net (Expense)
Functions	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position	Revenue and Changes in Net Position
					Total Governmental Activities	Total Governmental Activities
Governmental Activities						
District and School Administration	778,574				(778,574)	(740,634)
District Support Services	239,349				(239,349)	(221,797)
Regular Instruction	3,761,293	159,372	456,117		(3,145,804)	(2,615,926)
Vocational Instruction	281,382				(281,382)	(181,645)
Exceptional Instruction	1,065,841		775,449		(290,392)	(216,717)
Instructional Support Services	278,980				(278,980)	(275,527)
Pupil Support Services	1,334,940				(1,334,940)	(1,170,191)
Site, Buildings and Equipment	1,826,512	935			(1,825,577)	(2,052,544)
Fiscal and Other Fixed Cost Programs	75,428				(75,428)	(67,313)
Food Service	539,553	85,230	580,722		126,399	105,241
Community Service	284,038	35,523	75,563		(172,952)	(131,154)
Interest and Fiscal Charges on						
Long-term Liabilities	1,162,594				(1,162,594)	(1,223,610)
Total	<u>11,628,484</u>	<u>281,060</u>	<u>1,887,851</u>	<u>-0-</u>	<u>(9,459,573)</u>	<u>(8,791,817)</u>
General Revenues						
Property Taxes Levied for:						
General Purposes					833,801	618,774
Community Service					39,375	48,909
Debt Service					1,208,417	1,357,068
Federal and State Aid Not Restricted to Specific Purposes					7,994,492	7,081,453
Federal Aid Restricted to Specific Purposes					209,158	135,977
Earnings on Investments					225,387	139,513
Bond Premium					169,219	169,221
Miscellaneous					284,379	355,586
Gain (Loss) on Sale of Property					250	37,268
Total General Revenues					<u>10,964,478</u>	<u>9,943,769</u>
Change in Net Position					1,504,905	1,151,952
Net Position - Beginning, Restated					<u>2,778,965</u>	<u>1,627,013</u>
Net Position - Ending					<u>4,283,870</u>	<u>2,778,965</u>

See accompanying notes to the financial statements.

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	Major Funds					2024	2023
						Total	Total
Assets	General	Food Service	Community Service	Capital Projects	Debt Service	Governmental Funds	Governmental Funds
Cash and Investments	3,562,109	429,081	166,764		1,095,568	5,253,522	5,113,227
Current Property Taxes Receivable	126,771		27,325		1,879,647	2,033,743	2,097,591
Delinquent Property Taxes Receivable	3,106		249		9,537	12,892	9,819
Accounts Receivable	4,167	990	1,295			6,452	2,161
Due From Other Funds	100,038					100,038	
Due From Other Minnesota School Districts	8,543					8,543	5,938
Due From Other Governmental Units							1,000
Due From Department of Education	784,481		2,586		136,562	923,629	836,347
Due From Federal Government	149,530					149,530	92,085
Inventory		6,313				6,313	2,310
Prepaid Items							2,980
Total Assets	4,738,745	436,384	198,219	-0-	3,121,314	8,494,662	8,163,458
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>							
Liabilities							
Salaries Payable	305,046	207	21,760			327,013	306,777
Accounts Payable	129,559	2,239	9,529	109,346		250,673	137,296
Due to Other Funds				100,038		100,038	
Due to Other Minnesota School Districts	82,511					82,511	118,607
Due to Other Governmental Units	40,000					40,000	
Payroll Deductions	325,715	71	14,457			340,243	322,171
Unearned Revenues	31,704	10,716	28,138			70,558	59,622
Total Liabilities	914,535	13,233	73,884	209,384	-0-	1,211,036	944,473
Deferred Inflows of Resources							
Unavailable Revenue-Delinquent Taxes	3,106		249		9,537	12,892	9,819
Property Taxes Levied for Subsequent Years	406,150		52,981		2,425,463	2,884,594	3,187,271
Total Deferred Inflows of Resources	409,256	-0-	53,230	-0-	2,435,000	2,897,486	3,197,090
Fund Balances							
Fund Balance-Nonspendable		6,313				6,313	5,290
Fund Balance-Restricted	897,909	416,838	71,105		686,314	2,072,166	-1,616,910
Fund Balance-Assigned	60,886					60,886	861
Fund Balance-Unassigned	2,456,159			(209,384)		2,246,775	2,398,834
Total Fund Balances	3,414,954	423,151	71,105	(209,384)	686,314	4,386,140	4,021,895
Total Liabilities, Deferred Inflows of Resources and Fund Balances	4,738,745	436,384	198,219	-0-	3,121,314	8,494,662	8,163,458

See accompanying notes to the financial statements.

RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2024

	<u>2024</u>	<u>2023</u>
Total Governmental Fund Balances	4,386,140	4,021,895
Amounts reported in Governmental Activities in The Statement of Net Position are Different Because:		
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Cost of Capital Assets	41,723,587	41,351,180
Less: Accumulated Depreciation	<u>(3,228,666)</u>	<u>(2,203,094)</u>
	38,494,921	39,148,086
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources.	12,892	9,819
Compensated absences for vacation are not accrued in funds.	(33,301)	(27,180)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(456,842)	(483,353)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred Outflows of Resources - OPEB	32,795	31,048
Deferred Outflows of Resources related to Pensions	1,349,032	1,738,955
Deferred Inflows of Resources - OPEB	(76,750)	(47,404)
Deferred Inflows of Resources related to Pensions	<u>(351,095)</u>	<u>(786,683)</u>
	953,982	935,916
Long-term liabilities that pertain to governmental funds are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets. Balances at year-end are:		
Notes from Direct Borrowing	(42,793)	(57,171)
Severance Payable	(57,446)	(40,872)
Bonds Payable	(29,600,000)	(30,900,000)
Bond Premium	(2,519,447)	(2,681,122)
Certificates of Participation	(1,860,000)	(1,975,000)
Certificates of Participation Premium	(94,944)	(102,488)
Pension Benefits Payable	(4,717,893)	(4,839,937)
OPEB Obligation	<u>(181,399)</u>	<u>(229,628)</u>
	<u>(39,073,922)</u>	<u>(40,826,218)</u>
Net Position of Governmental Activities	<u>4,283,870</u>	<u>2,778,965</u>

See accompanying notes to the financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Major Funds					2024	2023
	General	Food Service	Community Service	Capital Projects	Debt Service	Total Governmental Funds	Total Governmental Funds
<u>Revenues</u>							
Local Property Tax Levies	830,728		39,375		1,208,417	2,078,520	2,023,728
Other Local and County Revenues	457,582	11,559	114,142	39,309	40,834	663,426	635,681
Revenue from State Sources	7,542,378	285,027	76,758		1,365,617	9,269,780	7,860,752
Revenue from Federal Sources	526,026	295,695				821,721	624,720
Other	42,170	85,230				127,400	302,289
Total Revenues	9,398,884	677,511	230,275	39,309	2,614,868	12,960,847	11,447,170
<u>Expenditures</u>							
Current:							
District and School Administration	769,906					769,906	745,854
District Support Services	239,770					239,770	222,847
Regular Instruction	3,936,754					3,936,754	3,848,847
Vocational Instruction	281,180					281,180	181,240
Exceptional Instruction	1,065,841					1,065,841	862,570
Community Education and Services			284,038			284,038	195,003
Instructional Support Services	293,674					293,674	273,211
Pupil Support Services	1,326,823	526,405				1,853,228	1,630,012
Site, Buildings and Equipment	854,094			338,834		1,192,928	1,815,258
Fiscal and Other Fixed Cost Programs	75,428					75,428	67,313
Debt Service:							
Principal	115,000				1,300,000	1,415,000	1,345,000
Other					1,850	1,850	3,850
Interest and Fiscal Charges	49,650				1,137,605	1,187,255	1,249,160
Total Expenditures	9,008,120	526,405	284,038	338,834	2,439,455	12,596,852	12,440,165
Excess Revenues (Expenditures)	390,764	151,106	(53,763)	(299,525)	175,413	363,995	(992,995)
<u>Other Financing Sources (Uses)</u>							
Sale of Property	250					250	37,268
Transfers In							204,320
Transfers Out							(204,320)
Total Other Financing Sources (Uses)	250	-0-	-0-	-0-	-0-	250	37,268
Net Change in Fund Balance	391,014	151,106	(53,763)	(299,525)	175,413	364,245	(955,727)
Fund Balance-Beginning	3,023,940	272,045	124,868	90,141	510,901	4,021,895	4,977,622
Fund Balance-Ending	3,414,954	423,151	71,105	(209,384)	686,314	4,386,140	4,021,895

See accompanying notes to the financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>2024</u>	<u>2023</u>
Net Change in Governmental Fund Balances	364,245	(955,727)

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

Governmental funds report capital outlays as expenditures, however, in the statement of activities, assets with an initial, individual cost of more than \$5,000.00 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlay	372,407	794,430
Disposals		(37,861)
Depreciation Expense	<u>(1,025,572)</u>	<u>(1,021,058)</u>
	(653,165)	(264,489)

Governmental funds report long-term debt proceeds as financing sources, while repayment of long-term debt principal is reported as an expenditure. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues. The net effect of these differences is as follows:

Amortization of Certificates of Participation Premium	7,544	7,545
Amortization of Bond Premium	161,675	161,676
Severance Payments	36,926	49,100
Severance Additions	(53,500)	(48,361)
Repayment of Bond Principal	1,415,000	1,345,000
Repayment of Lease Principal	14,378	12,139
Interest Expense - General Obligation Bonds	<u>26,511</u>	<u>29,400</u>
	1,608,534	1,556,499

Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for current period's expenditures, are therefore are deferred in the funds.

3,073	1,023
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In the statement of activities, severance benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).

OPEB	(27,599)	15,258
Pension Benefits	<u>45,665</u>	<u>3,126,738</u>
	18,066	3,141,996

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.

Change in Compensated Absences for Accrued Vacation	(6,121)	(6,861)
Change in Pension Benfits	122,044	(2,312,444)
Change in Net OPEB liability	<u>48,229</u>	<u>(8,045)</u>
	164,152	(2,327,350)

Change in Net Position of Governmental Activities	<u>1,504,905</u>	<u>1,151,952</u>
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STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u> <u>Final</u> <u>Budget</u>
<u>Revenues</u>				
Local Property Tax Levies	784,630	797,270	830,728	33,458
Other Local and County Revenues	269,080	285,580	457,582	172,002
Revenue from State Sources	6,806,937	7,290,331	7,542,378	252,047
Revenue from Federal Sources	166,650	167,844	526,026	358,182
Other	33,515	33,515	42,170	8,655
Total Revenues	8,060,812	8,574,540	9,398,884	824,344
<u>Expenditures</u>				
District and School Administration	829,275	830,475	769,906	(60,569)
District Support Services	215,863	231,413	239,770	8,357
Regular Instruction	3,824,495	3,825,817	3,936,754	110,937
Vocational Instruction	237,354	239,854	281,180	41,326
Exceptional Instruction	1,014,818	1,015,543	1,065,841	50,298
Instructional Support Services	266,777	266,777	293,674	26,897
Pupil Support Services	1,068,853	1,069,153	1,326,823	257,670
Site, Building and Equipment	1,513,349	1,537,128	1,018,744	(518,384)
Fiscal and Other Fixed Cost Programs	75,000	75,000	75,428	428
Total Expenditures	9,045,784	9,091,160	9,008,120	(83,040)
Excess Revenues (Expenditures)	(984,972)	(516,620)	390,764	907,384
<u>Other Financing Sources (Uses)</u>				
Sale of Property	24,000	24,000	250	(23,750)
Total Other Financing Sources (Uses)	24,000	24,000	250	(23,750)
Excess Revenues and Other Financing Sources				
Over (Under) Expenditures and				
Other Financing Uses	<u>(960,972)</u>	<u>(492,620)</u>	391,014	<u>883,634</u>
Fund Balance-Beginning			3,023,940	
Fund Balance-Ending			<u>3,414,954</u>	

See accompanying notes to the financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR FOOD SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u>
				<u>Final</u>
				<u>Budget</u>
<u>Revenues</u>				
Other Local and County Revenues	100	100	11,559	11,459
Revenue from State Sources	24,200	24,200	285,027	260,827
Revenue from Federal Sources	279,000	279,000	295,695	16,695
Other	236,200	236,200	85,230	(150,970)
Total Revenues	539,500	539,500	677,511	138,011
<u>Expenditures</u>				
Pupil Support Services	490,899	492,299	526,405	34,106
Total Expenditures	490,899	492,299	526,405	34,106
Excess Revenues (Expenditures)	48,601	47,201	151,106	103,905
Fund Balance-Beginning			272,045	
Fund Balance-Ending			423,151	

See accompanying notes to the financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR COMMUNITY SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final Budget</u>
<u>Revenues</u>				
Local Property Tax Levies	52,439	52,439	39,375	(13,064)
Other Local and County Revenues	85,360	85,360	114,142	28,782
Revenue from State Sources	111,225	106,180	76,758	(29,422)
Revenue from Federal Sources	500	500		(500)
Total Revenues	249,524	244,479	230,275	(14,204)
<u>Expenditures</u>				
Community Education and Services	194,785	194,785	284,038	89,253
Total Expenditures	194,785	194,785	284,038	89,253
Net Change in Fund Balance	<u>54,739</u>	<u>49,694</u>	(53,763)	<u>(103,457)</u>
Fund Balance-Beginning			124,868	
Fund Balance-Ending			<u>71,105</u>	

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1 Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of Independent School District No. 2902 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. Financial Reporting Entity

Independent School District No. 2902 was formed and operates pursuant to applicable Minnesota laws and statutes. The District operates under an elected seven member Board of Education form of government. The Board has control over all activities related to the public school education in the District.

As required by generally accepted accounting principles, these financial statements present the District and its component units, entities for which the government is considered to be financially accountable.

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1 Summary of Significant Accounting Policies - continued

C. Basic Financial Statement Presentation

The District-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The Fiduciary Funds are only reported in the Statements of Fiduciary Net Position at the fund financial statement level.

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

The District applies restricted resources first when an expense is incurred for a purpose for which both restricted and unrestricted net position is available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. Generally, the effect of material inter fund activity has been removed from the District-wide financial statements.

Separate fund financial statements are provided for governmental and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type: expendable trust, and agency. Since by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the District-wide statements.

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1 Summary of Significant Accounting Policies – continued

D. Basis of Accounting and Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. 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 recognized as revenues in the year for which they are levied, except for amounts advance recognized in accordance with a statutory “tax shift” described later in these notes. Grants and similar items are recognized 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. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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. Property taxes are considered to be available if collected within 60 days of fiscal year-end. Federal revenue is recorded in the year in which the related expenditure is made. State revenue is recognized in the year to which it applies according to Minnesota Statutes and U.S. generally accepted accounting principles. Other miscellaneous revenues (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

All major revenues are susceptible to accrual. Property tax revenues for all funds, which are payable by property owners on a calendar-year basis, are recognized as revenues in the fiscal years for which they apply according to Minnesota Statutes. Federal revenues are recorded in the year in which the related expenditure is made. If the amounts of state or federal revenues cannot be reasonably estimated or realization is not assured, they are not recorded as revenue in the current year.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1 Summary of Significant Accounting Policies – continued

D. Basis of Accounting and Measurement Focus - continued

The District reports unavailable revenue on its balance sheet. Unavailable revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unavailable revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurring qualified expenditures. In subsequent periods, when both revenue recognition criteria are met or when the District has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

Description of Funds

The existence of the various District funds has been established by the State of Minnesota, Department of Education. Each fund is accounted for as an independent entity. A description of the funds included in this report is as follows:

Governmental Funds

General Fund

The General Fund includes all financial transactions relating to the administration, instruction, maintenance, transportation, and capital expenditures of the District, which are not accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted for expenditures for specified purposes. These funds include the Food Service and Community Service funds.

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

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

Debt Service Fund

This fund is used to account for the accumulation of resources for, and payment of, general obligation (G.O) bond principal, interest, and related costs.

Capital Projects Fund

The Building Construction Fund is used to account for financial resources used for the acquisition or construction of the new school facilities authorized by bond issue.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1 Summary of Significant Accounting Policies – continued

E. Budgets and Budgetary Accounting

The budgeted amounts included in the statement of revenues and expenditures were accounted for and presented on the same basis and using the same accounting practices as are used to account and prepare financial reports for the funds. Budgets presented in this report for comparison to actual amounts are presented in accordance with generally accepted accounting principles. The budgets are prepared by the school personnel and approved by the school board. Encumbrances are not considered in the budget process or in the regular district accounting.

Once a budget is approved, school personnel can amend it with approval by the school board. Amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Individual amendments were not material in relation to the original appropriations. All budget appropriations lapse at year-end.

F. Cash and Temporary Investments

Cash and temporary investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

Short-term, highly liquid debt instruments (including commercial paper, bankers' acceptances, and U.S. Treasury and agency obligations) purchased with a remaining maturity of one year or less are reported at amortized cost. Other investments are reported at fair value.

The school District uses the average cash balance method of allocating investment income to the various funds.

G. Accounts Receivable

Represents amounts receivable from individuals, firms, and corporations for goods and services furnished by the District. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1 Summary of Significant Accounting Policies - continued

H. Inventories

Inventories consist of expendable supplies held for consumption and are stated at moving, weighted average cost. Inventory of the General Fund is recorded as expenditure when items are issued from central stores. Accordingly, inventory items on hand at the school are not included in inventory. Inventory of the Food Service Fund is recorded as expenditure when items are used. United States Department of Agriculture (USDA) commodities received are recorded at cost determined using the USDA standard price list and are included in the Food Service Fund inventory when received. Revenue is recognized and the expenditure is recorded when commodities are used.

I. Prepaid Items

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

J. Property Tax Recognition

The levy certification is made in December of each year. The tax levy is collectible as of January 2nd of the following year and the taxes are due to the county treasurer in May and October of each year. The taxes levied during the fall of the year are recognized in the subsequent fiscal year for the school district.

Current taxes receivable includes the amount of Homestead Market Value Credit Aid and Disparity Reduction Aid to be received after July 1, 2024, and will be recognized as revenue during the fiscal year ending June 30, 2025. The delinquent taxes receivable are reserved as 100% uncollectible except for the amount received during the first sixty days of the subsequent fiscal year.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1 Summary of Significant Accounting Policies - continued

K. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded at their estimated fair market value at the date of donation. The District defines capital assets as those with an initial, individual cost of \$5,000 or more, which benefit more than one fiscal year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

L. Long-Term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs, if material, are also reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize 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 or discounts on debt issuances are reported as other financing sources or uses, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1 Summary of Significant Accounting Policies - continued

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until then. The District has two items that qualifies for reporting in this category: "Related to OPEB and Related to Pensions."

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three types, Property Taxes Levied for Subsequent Years, Related to Pensions and Related to OPEB, which arise only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

N. Fund Equity

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 the resources in the governmental funds. The following are the five fund balance categories used by the district:

Non-Spendable Fund Balance

Fund balance amounts that are not in a spendable form or are legally or contractually required to be maintained intact.

Restricted Fund Balance

Fund balance amounts that can be spent only for specific purposes imposed by laws or regulations, external resource providers, constitutional provisions or enabling legislation.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1 Summary of Significant Accounting Policies - continued

N. Fund Equity - continued

Committed Fund Balance

Fund balance amounts that can be used only for the specific purpose determined by a formal action of the government's highest level of decision making authority.

The District's highest level of decision making authority is the district school board. In order to establish, modify or rescind a committed fund balance amount, the school board would need to approve the action at a school board meeting.

Assigned Fund Balance

Fund balance amounts that are intended to be used by the government for a specific purpose, but do not meet the criteria to be classified as restricted or committed.

The District school board has delegated the authority to assign fund balance amounts to the business manager and/or superintendent. Assigned amounts or changes to assigned amounts are presented to the school board for review.

Unassigned Fund Balance

Fund balance amounts that are available for any purpose. These amounts represent the remaining fund balance in the General Fund that has not been classified as non-spendable, restricted, committed or assigned. Also, for funds other than the general fund, unassigned fund balance is used to report a deficit fund balance.

The school district will maintain a minimum unassigned general fund balance of 20 percent of the annual budget (12 months of operating expenses).

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

O. Net Position

Net position represents the difference between assets and liabilities in the District-wide and Fiduciary Fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the District-wide financial statement when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1 Summary of Significant Accounting Policies - continued

P. Pensions

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

Q. Certain Comparative Data and Reclassifications

Certain comparative total data for the prior year have been presented in the District-wide and fund financial statements in order to provide an understanding of the changes in the financial position and operations. Such comparative total data does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

R. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

S. Subsequent Events

Subsequent events have been evaluated through November 12, 2024, which is the date the financial statements were available to be issued.

Cash and Investments

A. Deposits

Minnesota Stat. 118A.02 and 118A.04 authorize the District to designate a depository for public funds and to invest in certificates of deposit. Minnesota Stat. 118A.03 requires that all District deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit plus accrued interest at the close of the financial institution's banking day, not covered by insurance or bonds.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 2 Cash and Investments - continued

A. Deposits - continued

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2024, none of the District's bank balance of \$391,672 was exposed to custodial credit risk because it was insured and properly collateralized with securities held by the pledging financial institution's trust department or agent in the district's name.

B. Investments

Minnesota Stat. 118A.04 and 118A.05 generally authorize the following types of investments as available to the District:

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minnesota Stat. 118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) bankers' acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 2 Cash and Investments - continued

B. Investments - continued

- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

The District's investments are potentially subject to various risks including the following:

Custodial Credit Risk

The risk that in the event of a failure of the counter party to an investment transaction, a district will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

Credit Risk

The risk that an issuer or other counter party to an investment will not fulfill its obligations to the holder of the investment.

Concentration of Credit Risk

The risk of loss that may be caused by the District's investment in a single issuer.

Interest Rate Risk

The risk that changes in the market interest rates will adversely affect the fair value of an investment.

The District has no internal policies that limit deposits on investment choices or address these potential risks beyond the statutory limitations described above.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 2 Cash and Investments - continued

B. Investments - continued

	<u>Credit Risk</u>		<u>Concentration</u>	<u>Interest</u>	
	<u>Credit</u>	<u>Rating</u>	<u>Risk</u>	<u>Rate Risk</u>	
	<u>Rating</u>	<u>Agency</u>	<u>Over 5%</u>	<u>Maturity</u>	<u>Carrying</u>
			<u>of Portfolio</u>	<u>Date</u>	<u>Value</u>
Investment Pools:					
Minnesota School District Liquid Asset Fund Plus					
Liquid Class	AAAm	S & P	2.13%	N/A	78,777
MAX Class	AAAm	S & P	97.87%	N/A	<u>3,620,217</u>
Total Minnesota School District Liquid Asset Fund Plus					<u>3,698,994</u>
Other:					
MN Trust					
Investment Shares	N/A	N/A	53.30%	N/A	631,098
CD	N/A	N/A	46.70%	N/A	<u>552,855</u>
Total MN Trust					<u>1,183,953</u>
Total Investments					4,882,947
Total Cash					<u>370,575</u>
Total Cash and Investments					<u>5,253,522</u>

All Investments in MN Trust are bond proceeds held for the construction of the New School and Athletic Complex.

The Minnesota School District Liquid Asset Fund is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the same regulatory rules of the SEC under rule 2a7. The fair value of the position in the pool is the same as the value of the pool shares.

The Minnesota School District Liquid Asset Fund issues a publicly available financial report. That report may be obtained on the Internet at www.msdlaf.org.

Note 3 Due From Other Minnesota School Districts

The amounts due from other Minnesota School Districts are as follows:

	<u>June 30</u>	
<u>General Fund</u>	<u>2024</u>	<u>2023</u>
ISD No. 991 SWWC – Service Cooperative	1,067	1,048
ISD No. 264-Herman Norcross		1,307
ISD No. 803-Wheaton		1,306
ISD No. 415-Lynd	<u>7,476</u>	<u>2,277</u>
Total General Fund	<u>8,543</u>	<u>5,938</u>

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 4 Due From Department of Education

Amounts due from the Department of Education are aids and reimbursements receivable for the fiscal years as follows:

	<u>June 30</u>	
<u>General Fund</u>	<u>2024</u>	<u>2023</u>
General Education Aid	650,552	637,435
Special Education	105,296	79,711
Other State Credits	<u>28,633</u>	<u>3,883</u>
Total General Fund	784,481	721,029
 <u>Special Revenue Funds</u>		
<u>Food Service Fund</u>		
State Lunch Program		339
 <u>Community Service Fund</u>		
Other State Credits	<u>2,586</u>	<u>4,484</u>
Total Special Revenue Funds	2,586	4,823
 <u>Debt Service Fund</u>		
Other State Credits	<u>136,562</u>	<u>110,495</u>
Total All Funds	<u>923,629</u>	<u>836,347</u>

Note 5 Due from the Federal Government

Amounts due from the federal government are as follows:

	<u>June 30</u>	
<u>General Fund</u>	<u>2024</u>	<u>2023</u>
Federal Program-Title I	13,680	12,455
Federal Program-Title IV	552	
Federal Program-Tutoring Grant	45,030	
Federal Program-ESSER II		26,248
Federal Program-ESSER III	<u>90,268</u>	<u>7,956</u>
Total General Fund	149,530	46,659
 <u>Special Revenue Funds</u>		
<u>Food Service Fund</u>		
Federal Lunch Program		<u>45,426</u>
Total All Funds	<u>149,530</u>	<u>92,085</u>

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 6 Capital Assets

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

	<u>Balance</u> <u>7/01/23</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/24</u>
Capital assets not depreciated				
Construction in Progress		15,103		15,103
Land	<u>124,095</u>	<u> </u>	<u> </u>	<u>124,095</u>
Total capital assets not depreciated	124,095	15,103	-0-	139,198
Capital assets depreciated				
Land Improvements	4,852,330	57,527		4,909,857
Buildings	34,753,599	259,346		35,012,945
Equipment	1,539,357	40,431		1,579,788
Eligible Pupil Trans. Vehicles	<u>81,799</u>	<u> </u>	<u> </u>	<u>81,799</u>
Total capital assets depreciated	41,227,085	357,304	-0-	41,584,389
Less accumulated depreciation for				
Land Improvements	(358,158)	(244,054)		(602,212)
Buildings	(1,036,808)	(700,513)		(1,737,321)
Equipment	(767,492)	(73,666)		(841,158)
Eligible Pupil Trans. Vehicles	<u>(40,636)</u>	<u>(7,339)</u>	<u> </u>	<u>(47,975)</u>
Total accum. Depreciation	<u>(2,203,094)</u>	<u>(1,025,572)</u>	<u>-0-</u>	<u>(3,228,666)</u>
Total capital assets depreciated-net	<u>39,023,991</u>	<u>(668,268)</u>	<u> </u>	<u>38,355,723</u>
Net Capital Assets	<u>39,148,086</u>	<u>(653,165)</u>	<u>-0-</u>	<u>38,494,921</u>

Depreciation expense of \$1,025,572 for the year ended June 30, 2024 was charged to the following governmental functions:

District Support Services	505
Regular Instruction	12,878
Vocational Instruction	202
Instructional Support Services	4,206
Pupil Support Services	8,117
Sites, Buildings, and Equipment	986,516
Food Service	<u>13,148</u>
Total	<u>1,025,572</u>

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 7 Prepaid Items

Prepaid items are composed of the following:

	<u>June 30</u>	
	<u>2024</u>	<u>2023</u>
<u>Special Revenue Funds</u>		
<u>Community Service Fund</u>		
ECFE Curriculum		2,980
Total All Funds	<u>-0-</u>	<u>2,980</u>

Note 8 Due To Other Minnesota School Districts

The amounts due to other Minnesota School Districts are as follows:

	<u>June 30</u>	
	<u>2024</u>	<u>2023</u>
<u>General Fund</u>		
Independent School District No. 413 – Marshall	1,706	2,595
Independent School District No. 204 – Kasson-Mantorville	275	
Edgerton Christian Elementary School	1,620	810
Independent School District No. 991 - SW/SC	<u>78,910</u>	<u>115,202</u>
Total General Fund	<u>82,511</u>	<u>118,607</u>
Total All Funds	<u>82,511</u>	<u>118,607</u>

Note 9 Unearned Revenues

Unearned revenues are as follows:

	<u>June 30</u>	
	<u>2024</u>	<u>2023</u>
<u>General Fund</u>		
Achievement and Integration		2,472
Scoreboard Advertising		12,000
Student Activities	<u>31,704</u>	<u>28,575</u>
Total General Fund	<u>31,704</u>	<u>43,047</u>
<u>Special Revenue Funds</u>		
<u>Food Service Fund</u>		
Student/Adult Lunch Account Balances	10,716	16,575
<u>Community Service Fund</u>		
ECFE/Preschool Fees	<u>28,138</u>	
Total Special Revenue	<u>38,854</u>	<u>16,575</u>
Total All Funds	<u>70,558</u>	<u>59,622</u>

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 10 Long-Term Liabilities

A. Severance Payable

Contract employees who are at least 55 years of age and who have completed 25 years of continuous in-school teaching with the District may be eligible to receive retirement pay. Teachers who receive approval of their application for retirement shall receive as retirement pay and amount representing five (5) days of pay for each full year of full-time service, not to exceed a total of one (1) year's pay; credit for unused sick leave in the amount of 25 percent of the accumulated sick leave shall be added to the total number of days at the highest rate of pay at the time of retirement. Retirement benefits shall be paid by the District in equal monthly installments over a time period allowed by law and at the discretion of the District, but not to exceed thirty-six (36) months from the effective date of the retirement. The District shall have the right to limit retirement benefits to three (3) teachers per year.

The District estimates its vested severance pay obligations to be \$57,446 and \$40,872 at June 30, 2024 and 2023 respectively.

B. General Obligation Bonds

The District has outstanding the following general obligation school building bonds:

	<u>Balance</u>
	<u>June 30, 2024</u>
General Obligation School Building Bonds, Series 2019A. Semi-Annual payments due with interest at 5% - 3%. Final maturity date of February 1, 2040.	28,455,000

The annual requirements to amortize the bonds outstanding as of June 30, 2024, including interest payments are listed below:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30</u>			
2025	1,270,000	1,061,050	2,331,050
2026	1,330,000	997,550	2,327,550
2027	1,400,000	931,050	2,331,050
2028	1,470,000	861,050	2,331,050
2029	1,545,000	787,550	2,332,550
2030-2034	8,825,000	2,826,700	11,651,700
2035-2039	10,355,000	1,289,250	11,644,250
2040	<u>2,260,000</u>	<u>67,800</u>	<u>2,327,800</u>
Total	<u>28,455,000</u>	<u>8,822,000</u>	<u>37,277,000</u>

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 10 Long-Term Liabilities – continued

C. General Obligation Bonds

The District has outstanding the following general obligation capital facilities bonds:

	<u>Balance</u> <u>June 30, 2024</u>
General Obligation Capital Facilities Bonds, Series 2021A. Annual payments due with interest at 1.3%. Final maturity date of February 1, 2036.	1,145,000

The annual requirements to amortize the bonds outstanding as of June 30, 2024, including interest payments are listed below:

<u>Year Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	90,000	14,885	104,885
2026	90,000	13,715	103,715
2027	90,000	12,545	102,545
2028	90,000	11,375	101,375
2029	95,000	10,205	105,205
2030-2034	485,000	32,435	517,435
2035-2036	<u>205,000</u>	<u>4,030</u>	<u>209,030</u>
Total	<u>1,145,000</u>	<u>99,190</u>	<u>1,244,190</u>

D. Certificates of Participation

The District has outstanding the following certificates of participation:

	<u>Balance</u> <u>June 30, 2024</u>
Certificates of Participation, Series 2021B. Annual payments due with interest at 2.0%-3.0%. Final maturity date of February 1, 2037.	1,860,000

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 10 Long-Term Liabilities – continued

D. Certificates of Participation – continued

The annual requirements to amortize the certificates outstanding as of June 30, 2024, including interest payments are listed below:

<u>Year Ended</u>			
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	120,000	46,200	166,200
2026	125,000	42,600	167,600
2027	130,000	37,600	167,600
2028	135,000	32,400	167,400
2029	140,000	27,000	167,000
2030-2034	735,000	92,300	827,300
2035-2037	<u>475,000</u>	<u>19,100</u>	<u>494,100</u>
Total	<u>1,860,000</u>	<u>297,200</u>	<u>2,157,200</u>

E. Notes from Direct Borrowing

On August 5, 2021, the District entered into a finance purchase agreement for three copiers. The finance purchase totaled \$79,560. The finance purchase agreement includes annual principal and interest payments of \$23,031.

Minimum annual principal and interest payments required to retire notes from direct borrowing are as follows:

<u>Year Ended</u>			
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	17,028	6,003	23,031
2026	20,167	2,863	23,030
2027	<u>5,598</u>	<u>160</u>	<u>5,758</u>
Total	<u>42,793</u>	<u>9,026</u>	<u>51,819</u>

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 10 Long-Term Liabilities – continued

F. Changes in Long-Term Liabilities

The following is a schedule of the changes in Long-Term Liabilities:

	<u>Balance</u> <u>7/01/23</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/24</u>	<u>Due Within</u> <u>One Year</u>
Bonds Payable	30,900,000		1,300,000	29,600,000	1,360,000
Certificates of Participation	1,975,000		115,000	1,860,000	120,000
Notes from Direct Borrowing	57,171		14,378	42,793	17,028
Premium on Bonds	2,681,122		161,675	2,519,447	161,676
Premium on Certificates of Participation	102,488		7,544	94,944	7,545
Severance Payable	<u>40,872</u>	<u>53,500</u>	<u>36,926</u>	<u>57,446</u>	<u>33,954</u>
Totals	<u>35,756,653</u>	<u>53,500</u>	<u>1,635,523</u>	<u>34,174,630</u>	<u>1,700,203</u>

Note 11 Fund Balances

A. Non-Spendable Fund Balance

The District has the following non-spendable fund balances as of June 30, 2024:

Special Revenue Funds

Food Service Fund

Inventory 6,313

B. Restricted Fund Balance

The District has various restricted fund balances that are based on state requirements to track certain program funding, to provide funding for long-term debt requirements, or for other requirements. The District has the following restricted fund balances as of June 30, 2024:

General Fund

Student Activities	43,074
Literacy Incentive Aid	23,057
Operating Capital	33,397
Basic Skills Programs	55,761
School Library Aid	39,688
Safe Schools	91,009
Long Term Facility Maintenance	571,923
Student Support Personnel	<u>40,000</u>
Total General Fund	897,909

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 11 Fund Balances – continued

B. Restricted Fund Balance - continued

Special Revenue Funds

Food Service Fund

Restricted	416,838
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Community Service Fund

Community Education	23,963
Early Childhood and Family Education	35,659
School Readiness	(15,745)
Restricted	<u>27,228</u>
Total Community Service Fund	<u>71,105</u>
Total Special Revenue Funds	487,943

Debt Service Fund

Restricted	686,314
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Total All Funds	<u><u>2,072,166</u></u>
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C. Committed Fund Balance

The District has no committed fund balances as of June 30, 2024.

D. Assigned Fund Balance

The District has the following assigned fund balance as of June 30, 2024:

General Fund	<u>60,886</u>
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E. Unassigned Fund Balance

The District has the following unassigned fund balances as of June 30, 2024:

General Fund	2,456,159
Capital Projects Fund	<u>(209,384)</u>
Total All Funds	<u><u>2,246,775</u></u>

F. Stabilization Amounts

Amounts formally set aside by the governmental unit for use in emergency situations such as revenue shortages or budgetary imbalances.

The District has no stabilization amounts as of June 30, 2024.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 12 Defined Benefit Pension Plans

A. 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 (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 (GERF)

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

2. Benefits Provided

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

General Employees Plan Benefits 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 fired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent for each of the first 10 years of service and 1.7 percent for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 12 Defined Benefit Pension Plans - continued

A. Public Employees Retirement Association (PERA) - continued

2. Benefits Provided - continued

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 6.5% of their annual covered salary in fiscal year 2024 and the District was required to contribute 7.5% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2024, were \$90,827. The District's contributions were equal to the required contributions for each year as set by state statute.

4. Pension Costs

At June 30, 2024, the District reported a liability of \$754,905 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled \$20,852.

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0135% at the end of the measurement period and 0.0144% for the beginning of the period.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 12 Defined Benefit Pension Plans - continued

A. Public Employees Retirement Association (PERA) – continued

4. Pension Costs – continued

District's proportionate share of the net pension liability	754,905
State of Minnesota's proportionate share of the net pension liability associated with the District	<u>20,852</u>
Total	<u>775,757</u>

For the year ended June 30, 2024, the District recognized pension expense of \$16,294 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized \$94 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the annual \$16 million contribution.

At June 30, 2023, 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	\$25,188	\$5,509
Changes in actuarial assumptions	\$129,486	\$206,913
Net collective difference between projected and actual investment earnings		\$23,295
Changes in proportion	\$5,198	\$59,455
Contributions paid to PERA subsequent to the measurement date	\$90,827	
Total	\$250,699	\$295,172

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 12 Defined Benefit Pension Plans - continued

A. Public Employees Retirement Association (PERA) – continued

4. Pension Costs – continued

The \$90,827 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year 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:

Year ended June 30:	Pension Expense Amount
2024	\$4,451
2025	(\$129,626)
2026	\$6,251
2027	(\$16,376)

5. Long-Term Expected Return of 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	100%	

6. Actuarial Methods and Assumptions

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 12 Defined Benefit Pension Plans - continued

A. Public Employees Retirement Association (PERA) - continued

6. Actuarial Methods and Assumptions - continued

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

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

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The rates 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% to 7.0%.

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% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 12 Defined Benefit Pension Plans - continued

A. Public Employees Retirement Association (PERA) - continued

7. Discount Rate

The discount rate for the General Employees Plan 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 positions of the General Employees Fund 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 1 percentage point lower or 1 percentage point higher than the current discount rate:

Sensitivity Analysis (in Thousands)		
<i>Net Pension Liability (Asset) at Different Discount Rates</i>		
	General Employees Fund	
1% Lower	6.0%	1,335,487
Current Discount Rate	7.0%	754,905
1% Higher	8.0%	277,354

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.

B. Teachers Retirement Association

1. Plan Description

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 12 Defined Benefit Pension Plans - continued

B. Teachers Retirement Association – continued

1. Plan Description – continued

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

<u>Tier 1</u>	<u>Step Rate Formula</u>	<u>Percentage</u>
Basic	First 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 up 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 up 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:

- (a) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- (b) 3 percent per year early retirement reduction factors for all years under normal retirement age.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 12 Defined Benefit Pension Plans - continued

B. Teachers Retirement Association – continued

2. Benefits Provided – continued

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

or

Tier II Benefits

For years of service prior to July 1, 2006, a level formula of 1.7 percent per year for coordinated members and 2.7 percent per year for basic members is applied. For years of service July 1, 2006 and after, a level formula of 1.9 percent per year for Coordinated members and 2.7 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 members, will be applied to individuals who reach age 62 and have 30 years or more of service credit.

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

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

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

3. Contribution Rate

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 12 Defined Benefit Pension Plans - continued

B. Teachers Retirement Association – continued

3. Contribution Rate – continued

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

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

Employer contributions reported in TRA’s ACFR, Statement of Changes in Fiduciary Net Position	<i>In thousands</i> \$508,764
Employer contributions not related to future contribution efforts	(87)
TRA’s contributions not included in allocations	(643)
Total employer contributions	\$508,034
Total non-employer contributions	35,587
Total contributions reported in <i>Schedule of Employer and Non-Employer Allocations</i>	<u>\$543,621</u>

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

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.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 12 Defined Benefit Pension Plans - continued
B. Teachers Retirement Association - continued
4. Actuarial Assumptions – continued

Key Methods and Assumptions Used in Valuation of Total Pension Liability	
Actuarial Information	
Valuation Date	July 1, 2023
Measurement Date	June 30, 2023
Experience Study	June 28, 2019 (demographic and economic assumptions)
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.00%
Price Inflation	2.50%
Wage growth rate	2.85% before July 1, 2028 and 3.25% after June 30, 2028
Projected Salary Increase	2.85% to 8.85% before July 1, 2028 and 3.25% to 9.25% after June 30, 2028
Cost of living adjustment	1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.
Mortality Assumptions	
Pre-Retirement	RP-2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP-2015 scale.
Post-Retirement	RP-2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
Post-Disability	RP-2014 disabled retiree mortality table, without adjustment.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses 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:

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 12 Defined Benefit Pension Plans - continued

B. Teachers Retirement Association - continued

4. Actuarial Assumptions – continued

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Geometric Mean)
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Private Markets	25.0%	5.90%
Fixed Income	25.0%	0.75%
Total	100%	

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.

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 Academics 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 7.00 percent. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2023 contribution rate, contributions from school districts will be made at contractually required rates

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 12 Defined Benefit Pension Plans - continued

B. Teachers Retirement Association - continued

5. Discount Rate - continued

(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 \$3,962,988 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. RTR Public School #2902's proportion of the net pension liability was based on RTR Public School #2902'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. District proportionate share was 0.0514% at the end of the measurement period and 0.0496% for the beginning of the year.

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

District's proportionate share of net pension liability	\$3,962,988
State's proportionate share of the net pension liability associated with the District	\$277,805

For the year ended June 30, 2024, the District recognized pension expense of (\$183,909). It also recognized \$39,117 as an increase to pension expense for the support provided by direct aid.

On June 30, 2023, RTR Public School #2902 had deferred resources related to pensions from the following sources:

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 12 Defined Benefit Pension Plans - continued

B. Teachers Retirement Association - continued

6. Net Pension Liability – continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$31,670	\$52,433
Change in actuarial assumptions	\$351,044	
Net Difference Between Projected and Actual Earnings on Investments	\$185,850	
Changes in proportion	\$225,383	\$3,490
Contributions paid to TRA subsequent to measurement date	\$304,386	
Total	\$1,098,333	\$55,923

\$304,386 reported as deferred outflows of resources related to pensions resulting from District 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. Other amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in the pension expense as follows:

2024	\$159,701
2025	\$116,693
2026	\$451,993
2027	(\$7,132)
2028	\$16,769

7. Pension Liability Sensitivity

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

Sensitivity of Net Pension Liability (NPL) to changes in the discount rate		
1 percent decrease (6.00%)	Current (7.00%)	1 percent increase (8.00%)
\$6,320,674	\$3,962,988	\$2,032,934

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 12 Defined Benefit Pension Plans - continued

C. Teachers Retirement Association - continued

7. Pension Liability Sensitivity – continued

The RTR Public School #2902'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 www.MinnesotaTRA.org, by writing to TRA at 60 Empire Drive, Suite 400, St Paul MN 55103-4000; or by calling (651)296-2409 or (800) 657-3669.

Note 13 Other Postemployment Benefits

The District has implemented Governmental Accounting Standards Board (GASB), Statement No. 75, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions.

General Information about the OPEB Plan

Plan Description

The District provides a single-employer defined benefit healthcare plan to eligible retirees and their spouses.

Benefits Provided

The plan offers medical insurance benefits. Benefits are provided through a third-party insurer. Retirees and their spouses contribute to the healthcare plan at the same cost as District employees.

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefit payments	3
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>68</u>
	<u>71</u>

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 13 Other Postemployment Benefits - continued
Contributions

The contribution requirements of the plan members and the District are established and may be amended by the Board of Education. The required contributions are based on projected pay-as-you-go financing requirements. For the year 2022, the District contributed \$24,466 to the plan.

Net OPEB Liability

The District's net OPEB liability was measured as of July 1, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2023.

Actuarial Assumptions

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-20120 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The inflation rate was changed from 2.00% to 2.50%.
- The discount rate was changed from 2.10% to 3.90%.
- These changes decreased the liability \$14,599.

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at 7/1/2023	229,628	-0-	229,628
Changes for the year:			
Service cost	16,887		16,887
Interest cost	4,961		4,961
Assumption Changes	(14,599)		(14,599)
Differences between Expected and Actual Experience	(34,842)		(34,842)
Benefit Payment	(20,636)	-0-	(20,636)
Net changes	(48,229)		(48,229)
Balances at 6/30/2024	<u>181,399</u>	-0-	<u>181,399</u>

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 13 Other Postemployment Benefits - continued

Sensitivity of the net OPEB liability to changes in discount rate

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 (1.1 percent) or 1-percentage-point higher (3.1 percent) than the current discount rate:

	1% Decrease (2.9%)	Discount Rate (3.9%)	1% Increase (4.9%)
Net OPEB liability	\$191,541	\$181,399	\$171,641

Sensitivity of the net OPEB liability to changes in healthcare cost trend rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5 percent decreasing to 4.0 percent) or 1-percentage-point higher (7.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease (5.5% decreasing To 4.0%)	Healthcare Cost Trend Rates (6.5% decreasing to 5.0%)	1% Increase (7.5% decreasing to 6.0%)
Net OPEB Liability	\$165,379	\$181,399	\$200,436

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 \$3,836. At June 30, 2024, the District reported deferred outflow of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability Gain or Loss		\$62,041
Changes in Actuarial Assumptions	\$8,329	\$14,709
Contributions paid to plan subsequent to measurement date	\$24,466	
	<u>\$32,795</u>	<u>\$76,750</u>

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 13 Other Postemployment Benefits - continued

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

June 30, 2025	(\$18,012)
June 30, 2026	(\$18,007)
June 30, 2027	(\$6,933)
June 30, 2028	(\$6,933)
June 30, 2029	(\$6,181)
June 30, 2030	(\$6,181)
Thereafter	(\$6,174)

Note 14 Vacation and Sick Leave

Full-time 12 month employees receive vacation based on their years of service not to exceed four (4) weeks. Leave is accrued beginning July 1, and must be used within six (6) months after the current contract year in which it is earned, or it will be forfeited. If an employee resigns during the fiscal year, he/she is eligible to those vacation days earned as prorated according to the amount of time worked that fiscal year.

The superintendent receives 24 sick days per year, up to a maximum of 100 days. The business manager receives 18 sick days per year, up to a maximum of 100 days. Full-time teaching staff accrue 15.5 days of sick leave each year (five days at the beginning and 1.5 days per month), up to a maximum of 90 days. Nine-month, non-teaching staff accrues 1 sick day per month (prorated based on hours), up to a maximum of 90 days. When an employee has exceeded their maximum number of sick leave as of June 30th, they will be reimbursed at a rate of \$15 per day for all days in excess of the maximum days. This reimbursement is made on the July paycheck.

Sick days do not vest under the District's policy, and accordingly, employees can be paid sick leave only for qualifying absences. Since the employee's accumulating rights to receive compensation for future absences are contingent upon the absences being caused by qualifying events and such amounts cannot be reasonably estimated, a liability for unused sick leave is not recorded in the financial statements.

All employees are allowed two personal days per year. Teaching staff may accrue up to a maximum of three days.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 15 Risk Management

The District is exposed to various risk of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and dental; and natural disasters. Risks of loss associated with workers' compensation claims are insured through participation in the Minnesota School Boards Association Insurance Trust. All other risks of loss are insured by the purchase of commercial insurance. There were no significant reductions in insurance coverage from the previous year. There were no settlements in excess of insurance for any of the past three fiscal years.

The Minnesota School Boards Association Insurance Trust is a public entity risk pool currently operated as a common risk management and insurance program for member school districts. The district pays an annual premium based on its annual payroll and an experience modification factor for workers' compensation coverage.

Note 16 Excess Expenditures over Budget Appropriations

The following governmental funds had excess expenditures over budget appropriations:

Food Service Fund	\$34,106
Community Service Fund	\$89,253
Capital Projects Fund	\$259,034

Note 17 Deficit Fund Balances

The following fund had a deficit fund balance at June 30, 2024:

Capital Projects Fund	\$209,384
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This deficit will be eliminated by future transfers.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD & A

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
DEFINED BENEFIT PENSION PLANS
JUNE 30, 2024

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Actuarial Valuation Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with the District (if Applicable) (b)	Total (a) + (b)	Employer's Covered- Employee Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll (a+b)/c	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Pensions							
PERA							
June 30, 2014	0.0158%	742,205			863,780	85.9%	78.7%
June 30, 2015	0.0150%	777,378			923,573	84.2%	78.2%
June 30, 2016	0.0154%	1,250,404			1,005,827	124.3%	68.9%
June 30, 2017	0.0155%	989,510	12,408	1,001,918	995,800	100.6%	75.9%
June 30, 2018	0.0146%	809,948	26,605	836,553	982,813	85.1%	79.5%
June 30, 2019	0.0141%	779,557	24,166	803,723	995,973	80.7%	80.2%
June 30, 2020	0.0147%	881,332	27,082	908,414	1,042,760	87.1%	79.0%
June 30, 2021	0.0143%	610,674	18,729	629,403	1,032,733	60.9%	87.0%
June 30, 2022	0.0144%	1,140,485	33,386	1,173,871	1,071,573	109.5%	76.7%
June 30, 2023	0.0135%	754,905	20,852	775,757	1,073,640	72.3%	83.1%
TRA							
June 30, 2014	0.0481%	2,216,413			2,197,067	100.9%	81.5%
June 30, 2015	0.0440%	2,721,835			2,272,911	119.8%	76.8%
June 30, 2016	0.0417%	9,946,445			2,166,547	459.1%	44.9%
June 30, 2017	0.0417%	8,324,076	804,116	9,128,192	2,243,798	371.0%	51.6%
June 30, 2018	0.0428%	2,688,241	252,454	2,940,695	2,362,920	113.8%	78.1%
June 30, 2019	0.0424%	2,702,585	239,418	2,942,003	2,405,279	112.4%	78.2%
June 30, 2020	0.0430%	3,176,898	266,213	3,443,111	2,496,073	127.3%	75.5%
June 30, 2021	0.0438%	1,916,819	161,682	2,078,501	2,619,188	73.2%	86.6%
June 30, 2022	0.0496%	3,699,452	274,203	3,973,655	2,854,796	129.6%	76.2%
June 30, 2023	0.0514%	3,962,988	277,805	4,240,793	3,051,052	129.9%	76.4%

See Note 12, Defined Benefit Pension Plans, for more information

The District implemented GASB Statement No. 68 for fiscal year ended June 30, 2015.
Information for prior years is not available. Additional years will be reported as they become available.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
DEFINED BENEFIT PENSION PLANS
JUNE 30, 2024

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a - b)	Covered- Employee Payroll (d)	Contributions as a Percentage of Covered- Employee Payroll (b/d)
<u>Pensions</u>					
PERA					
2014	60,232	60,232	-0-	863,780	7.0%
2015	65,090	65,624	(534)	923,573	7.1%
2016	71,851	71,965	(114)	1,005,827	7.2%
2017	74,685	74,685	-0-	995,800	7.5%
2018	73,711	73,711	-0-	982,813	7.5%
2019	74,698	74,698	-0-	995,973	7.5%
2020	78,207	78,207	-0-	1,042,760	7.5%
2021	77,455	77,455	-0-	1,032,733	7.5%
2022	80,368	80,368	-0-	1,071,573	7.5%
2023	80,523	80,523	-0-	1,073,640	7.5%
TRA					
2014	153,795	153,795	-0-	2,197,067	7.0%
2015	167,401	167,712	(311)	2,272,911	7.4%
2016	162,491	162,491	-0-	2,166,547	7.5%
2017	168,285	168,285	-0-	2,243,798	7.5%
2018	177,219	177,219	-0-	2,362,920	7.5%
2019	185,447	185,447	-0-	2,405,279	7.7%
2020	197,689	197,689	-0-	2,496,073	7.9%
2021	212,940	212,940	-0-	2,619,188	8.1%
2022	238,090	238,090	-0-	2,854,796	8.3%
2023	260,865	260,865	-0-	3,051,052	8.6%

See Note 12, Defined Benefit Pension Plans, for more information

The District implemented GASB Statement No. 68 for fiscal year ended June 30, 2015.
Information for prior years is not available. Additional years will be reported as they become available.

REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S
NET OPEB LIABILITY AND RELATED RATIOS
JUNE 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability							
Service Cost	16,887	20,353	19,760	20,737	20,133	24,443	23,731
Interest Cost	4,961	4,901	6,903	6,216	8,576	7,730	7,281
Assumption Changes	(14,599)		14,578		(6,780)		
Differences between Expected and Actual Experience	(34,842)		(19,842)		(70,768)		
Benefit Payments	(20,636)	(17,209)	(5,451)	(2,170)	(4,758)	(1,259)	(35,508)
Net change in total OPEB liability	(48,229)	8,045	15,948	24,783	(53,597)	30,914	(4,496)
Total OPEB liability - beginning	229,628	221,583	205,635	180,852	234,449	203,535	208,031
Total OPEB liability - ending (a)	181,399	229,628	221,583	205,635	180,852	234,449	203,535
 Covered-employee payroll	 3,584,178	 3,234,642	 3,140,429	 3,013,079	 2,925,319	 2,708,970	 2,630,068
 District's Net OPEB liability as a percentage of covered-employee payroll	 5%	 7%	 7%	 6.82%	 6.18%	 8.65%	 7.74%

See Note 13, Other Postemployment Benefits, for more information.

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A
JUNE 30, 2024

General Employees Fund

2023 Changes

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5% to 7.0%.
- 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% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

Changes in Plan Provisions

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

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2021 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A
JUNE 30, 2024

General Employees Fund - continued

Changes in Actuarial Assumptions - continued

- 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.

Changes in Plan Provisions

- 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 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 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 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A
JUNE 30, 2024

General Employees Fund - continued

Changes in Plan Provisions - continued

- 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 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- 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 Changes:

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study 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.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A
JUNE 30, 2024

2015 Changes:

Changes in Actuarial Assumptions

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

Changes in Plan Provisions:

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increase the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

TRA Retirement Funds

2023 Changes

Changes in Actuarial Assumptions

- The 2023 Tax Finance and Policy Bill, effective July 1, 2025:
 - The employer contribution rate will increase from 8.75% to 9.5% 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 Academics will increase to reflect the 0.75% employer contribution rate increase.
- The 2024 Omnibus Pensions and Retirement Bill:
 - The Normal Retirement Age (NRA) for active and eligible deferred Tier II members will be 65 effective July 1, 2024.
 - TRA's amortization date will remain the same at 2048.

2022 Changes

Changes in Actuarial Assumptions

- None

2021 Changes

Changes in Actuarial Assumptions

- For GASB valuation:
 - The investment return assumption was changed from 7.5% to 7.0%.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A
JUNE 30, 2024

TRA Retirement Funds – continued

2020 Changes

Changes in Actuarial Assumptions

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

2019 Changes

Changes in Actuarial Assumptions

- None

2018 Changes

Changes in Actuarial Assumptions

- The discount rate was decreased to 4.66% from 8.0%.
- 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, and 8.75% in 2023). The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A
JUNE 30, 2024

TRA Retirement Funds – continued

2017 Changes

Changes in Actuarial Assumptions

- The discount rate was increased to 5.12% from 4.66%.
- The cost of living adjustment (COLA) was assumed to increase from 2.0 percent annually to 2.5 percent annually on July 1, 2045.
- The COLA was not assumed to increase to 2.5 percent, but remain at 2.0 percent for all future years.
- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4 percent to 0.0 percent, the vested inactive load increased from 4.0 percent to 7.0% and the non-vested inactive load increased from 4.0 percent to 9.0 percent.
- The investment return assumption was changed from 8.00 percent to 7.50 percent.
- The price inflation assumption was lowered from 2.75 percent to 2.50 percent.
- The payroll growth assumption was lowered from 3.50 percent to 3.00 percent.
- The general wage growth assumption was lowered from 3.50 percent to 2.85 percent for ten years followed by 3.25 percent thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

2016 Changes

Changes in Actuarial Assumptions

- The discount rate was decreased to 4.66 to 8.0%.
- The COLA was not assumed to increase for funding or the GASB calculation. It remained at 2% for all future years.
- The price of inflation assumption was lowered from 3% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes as some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP 2015 scale.
- The post-retirement mortality assumption was changed to the RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP 2015 scale.
- The post-disability mortality assumption was changed to the RP 2014 disabled retiree mortality table, without adjustment.
- Separate retirement assumptions for members hired before or after July 1, 1989, were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A
JUNE 30, 2024

TRA Retirement Funds – continued

- A minor adjustment and simplification of the assumption regarding the election of optional form of annuity payment at retirement were made.

2015 Changes

Changes of Benefit Terms

- The DTRFA was merged into TRA on June 30, 2015.

Changes in Actuarial Assumptions

- The annual COLA for the June 30, 2015, valuation assumed 2%. The prior year valuation used 2% with an increase to 2.5% commencing in 2034. The discount rate used to measure the total pension liability was 8.0%. This is a decrease from the discount rate at the prior measurement date of 8.25%.

Post Employment Health Care Plan

2024 Changes

Assumption changes

- The health care trend rates and mortality tables were updated.
- The inflation rate was changed from 2.00% to 2.50%.
- The discount rate was changed from 2.10% to 3.90%.

2023 Changes

Assumption changes

- None

2022 Changes

Assumption changes

- The health care trend rates, mortality tables, salary increase rates for non-teachers, and withdrawal rates were updated.
- The rate of inflation was changed from 2.50% to 2.00%.
- The discount rate was changed from 3.10% to 2.10%.

2021 Changes

Assumption changes

- None

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A
JUNE 30, 2024

Post Employment Health Care Plan– continued

2020 Changes

Assumption changes

- The medical increase rates, mortality tables, and salary scale assumptions were updated as of July 1, 2009.
- The discount rate changed from 3.40% to 3.10%.

2019 Changes

Assumption changes

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the RP-2000 Combined Healthy Mortality Tables projected to 2014 with Scale BB to the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale.
- The discount rate was changed from 4.00% to 3.40%.
- The withdrawal table for all employees and retirement table for only employees eligible to retire with Rule of 90 also were updated.

Method Changes

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

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GENERAL FUND
BALANCE SHEET
JUNE 30, 2024

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Cash and Investments	3,562,109	3,458,494
Current Property Taxes Receivable	126,771	264,744
Delinquent Property Taxes Receivable	3,106	7,283
Accounts Receivable	4,167	423
Due From Other Minnesota School Districts	8,543	5,938
Due From Department of Education	784,481	721,029
Due From Federal Government	149,530	46,659
Due From Other Funds	100,038	
Due From Other Governmental Units		1,000
Total Assets	<u>4,738,745</u>	<u>4,505,570</u>
<u>Liabilities, Deferred Inflows of Resources,</u>		
<u>and Fund Balances</u>		
<u>Liabilities</u>		
Salaries Payable	305,046	292,809
Accounts Payable	129,559	132,832
Due to Other Minnesota School Districts	82,511	118,607
Due to Other Governmental Units	40,000	
Payroll Deductions	325,715	312,109
Unearned Revenues	31,704	43,047
Total Liabilities	<u>914,535</u>	<u>899,404</u>
<u>Deferred Inflows of Resources</u>		
Unavailable Revenue-Delinquent Taxes	3,106	7,283
Property Taxes Levied for Subsequent Years	406,150	574,943
Total Deferred Inflows of Resources	<u>409,256</u>	<u>582,226</u>
<u>Fund Balances</u>		
Fund Balance-Restricted	897,909	624,245
Fund Balance-Assigned	60,886	861
Fund Balance-Unassigned	2,456,159	2,398,834
Total Fund Balances	<u>3,414,954</u>	<u>3,023,940</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>4,738,745</u>	<u>4,505,570</u>

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2024

	Year Ended June 30			
	2024			2023
			Variance with	
			Final	
<u>Revenues</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
<u>Local Property Tax Levy</u>				
County Apportionment	36,137	47,332	11,195	32,351
Local Tax Levy	681,133	687,986	6,853	508,146
Miscellaneous Tax Revenue	80,000	95,410	15,410	77,254
Total Local Property Tax Levy	797,270	830,728	33,458	617,751
<u>Other Local and County Revenues</u>				
Admissions	40,500	70,272	29,772	73,015
Fees From Patrons	34,600	74,147	39,547	71,170
Gift and Bequests	30,700	70,877	40,177	85,989
Interest Income	90,000	128,826	38,826	99,086
Miscellaneous	82,300	97,572	15,272	122,349
Rent of Facilities	7,480	935	(6,545)	7,908
Tuition From Other MN School Districts		14,953	14,953	10,167
Total Other Local and County Revenues	285,580	457,582	172,002	469,684
<u>Revenue From State Sources</u>				
Disparity		1,683	1,683	1,326
Endowment Fund Apportionment	27,643	37,568	9,925	29,090
General Education Aid	6,299,293	6,387,080	87,787	5,906,334
Homestead/Agriculture Credit		4,621	4,621	3,781
Other State Aids	152,951	335,977	183,026	70,863
Special Education	810,444	775,449	(34,995)	645,853
Total Revenue From State Sources	7,290,331	7,542,378	252,047	6,657,247
<u>Revenue From Federal Sources</u>				
Other Federal Aid Programs	72,278	163,185	90,907	108,901
COVID Testing				20,000
CARES		653	653	628
ESSER		269,925	269,925	115,349
Title Programs	95,566	92,263	(3,303)	94,372
Total Revenue From Federal Sources	167,844	526,026	358,182	339,250
<u>Local Sales and Insurance Recovery</u>				
Sale of Materials	33,515	42,170	8,655	54,501
Total Local Sales and Insurance Recovery	33,515	42,170	8,655	54,501
Total Revenues	8,574,540	9,398,884	824,344	8,138,433

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2024

	Year Ended June 30			
	2024			2023
			Variance with	
			Final	
<u>Expenditures</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
<u>Administrative</u>				
Dues and Membership	8,000	7,663	(337)	6,885
Fixed Charges and Employee Benefits	187,848	176,850	(10,998)	167,974
Interest		2,494	2,494	1,634
Professional Services	6,100	13,380	7,280	8,978
Principal	3,700	3,419	(281)	1,521
Rent	1,000	725	(275)	301
Salaries	592,177	549,090	(43,087)	538,784
Supplies	16,100	8,656	(7,444)	9,076
Travel and Transportation	15,550	7,629	(7,921)	10,701
Total Administrative	830,475	769,906	(60,569)	745,854
<u>District Support</u>				
Dues and Memberships	15,676	15,553	(123)	14,367
Equipment	1,200		(1,200)	1,106
Fixed Charges and Employee Benefits	37,342	40,908	3,566	35,827
Interest		399	399	218
Other	250		(250)	6,948
Professional Services	45,080	46,270	1,190	45,954
Principal	1,000	663	(337)	380
Salaries	118,465	123,570	5,105	113,383
Supplies	12,000	12,261	261	4,664
Travel and Transportation	400	146	(254)	
Total District Support	231,413	239,770	8,357	222,847
<u>Regular Instruction</u>				
<u>District Wide</u>				
Fixed Charges and Employee Benefits	38,836	45,001	6,165	30,995
Instructional Supplies	10,695	1,176	(9,519)	1,633
Payments To Other MN School Districts	24,300	2,938	(21,362)	
Repair and Maintenance				1,500
Salaries	146,403	144,085	(2,318)	142,806
Supplies	684	6,225	5,541	8,368
Travel and Transportation	1,300	652	(648)	
Total District Wide	222,218	200,077	(22,141)	185,302

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2024

	Year Ended June 30			
	2024		2023	
	Budget	Actual	Variance with Final Budget	Actual
<u>Expenditures - continued</u>				
<u>Regular Instruction</u>				
<u>Elementary School</u>				
Equipment	1,000	10,999	9,999	299
Fixed Charges and Employee Benefits	264,381	293,209	28,828	264,309
Instructional Supplies	97,000	14,477	(82,523)	68,390
Interest		2,551	2,551	3,158
Other	1,000	1,057	57	1,032
Principal	8,250	4,239	(4,011)	3,420
Professional Services	26,000	22,249	(3,751)	32,233
Repair and Maintenance	900	320	(580)	586
Salaries	901,347	927,447	26,100	869,484
Supplies	21,500	16,071	(5,429)	15,586
Travel and Transportation	4,580	16,849	12,269	7,088
Utilities	4,000	3,912	(88)	4,894
Total Elementary School	1,329,958	1,313,380	(16,578)	1,270,479
<u>High School/Middle School</u>				
Dues and Membership	3,200	1,295	(1,905)	775
Equipment	17,000	1,069	(15,931)	21,772
Fixed Charges and Employee Benefits	368,645	366,302	(2,343)	342,082
Instructional Supplies	77,200	51,118	(26,082)	107,101
Insurance	500	500		500
Interest		3,209	3,209	5,881
Other		77	77	52
Payments To Other Agencies	80,200	27,481	(52,719)	52,434
Payments To Other MN School Districts		71,814	71,814	66,955
Principal	12,250	5,332	(6,918)	6,517
Professional Services	64,280	90,550	26,270	70,182
Repair and Maintenance	8,450	6,513	(1,937)	4,063
Salaries	1,447,852	1,442,009	(5,843)	1,384,234
Supplies	94,100	118,755	24,655	118,951
Travel and Transportation	88,964	226,584	137,620	202,078
Utilities	11,000	10,689	(311)	9,489
Total High School/Middle School	2,273,641	2,423,297	149,656	2,393,066
Total Regular Instruction	3,825,817	3,936,754	110,937	3,848,847

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2024

	Year Ended June 30			
	2024			2023
			Variance with	
	Budget	Actual	Final Budget	Actual
<u>Expenditures - continued</u>				
<u>Vocational Instruction</u>				
Dues and Membership	220	245	25	
Equipment	1,000		(1,000)	
Fixed Charges and Employee Benefits	31,138	41,775	10,637	25,427
Instructional Supplies	6,500	24,078	17,578	11,745
Professional Services	500		(500)	
Repair and Maintenance	8,733	6,984	(1,749)	4,882
Salaries	187,113	203,389	16,276	137,000
Supplies	2,500	4,709	2,209	2,033
Travel and Transportation	2,150		(2,150)	153
Total Vocational Instruction	239,854	281,180	41,326	181,240
<u>Exceptional Instruction</u>				
Equipment	1,000		(1,000)	
Fixed Charges and Employee Benefits	125,173	162,974	37,801	121,373
Instructional Supplies	5,700	2,277	(3,423)	4,550
Payments To Other Agencies	13,815	10,650	(3,165)	10,080
Payments To Other MN School Districts	123,381	110,862	(12,519)	139,053
Professional Services	2,100	2,772	672	2,579
Repair and Maintenance	200	134	(66)	
Salaries	731,628	772,072	40,444	580,400
Supplies	1,300		(1,300)	
Travel and Transportation	11,246	4,100	(7,146)	4,535
Total Exceptional Instruction	1,015,543	1,065,841	50,298	862,570
<u>Instructional Support Services</u>				
Equipment	65,000		(65,000)	1,457
Fixed Charges and Employee Benefits	2,179	2,350	171	2,320
Instructional Supplies	15,300	55,691	40,391	87,790
Payments To Other MN School Districts	2,000	2,613	613	2,139
Professional Services	93,198	109,551	16,353	102,662
Repair and Maintenance	10,500	30,534	20,034	32,559
Salaries	14,440	15,261	821	14,873
Supplies	11,500	61,415	49,915	13,372
Travel and Transportation	32,660	3,954	(28,706)	2,600
Utilities	20,000	12,305	(7,695)	13,439
Total Instructional Support	266,777	293,674	26,897	273,211

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2024

	Year Ended June 30			
	2024		Variance with Final Budget	2023
	Budget	Actual		Actual
<u>Expenditures - continued</u>				
<u>Pupil Support</u>				
Dues	1,007		(1,007)	
Equipment		16,619	16,619	
Fixed Charges and Employee Benefits	40,464	38,750	(1,714)	35,176
Food	1,800		(1,800)	
Fuel	8,500	4,586	(3,914)	4,375
Instructional Supplies	3,600	4,652	1,052	23,829
Insurance	5,000	4,515	(485)	4,567
Other	20,207	17,179	(3,028)	22,870
Payments To Other MN School Districts	3,000		(3,000)	
Professional Services	19,675	7,719	(11,956)	24,084
Repair and Maintenance	7,000	363	(6,637)	1,916
Salaries	137,359	223,110	85,751	150,417
Supplies	45,536	15,320	(30,216)	20,280
Travel and Transportation	775,255	994,010	218,755	874,560
Utilities	750		(750)	
Total Pupil Support	1,069,153	1,326,823	257,670	1,162,074
<u>Site, Building and Equipment</u>				
Buildings	20,000	19,337	(663)	
Equipment	22,600		(22,600)	3,443
Fixed Charges and Employee Benefits	96,029	96,719	690	101,385
Fuel		1,390	1,390	3,136
Interest	52,950	49,650	(3,300)	52,950
Lease Principal		11,285	11,285	9,969
Lease Interest		1,398	1,398	1,257
Other	11,000	70	(10,930)	1,536
Principal	110,000	115,000	5,000	110,000
Professional Services	525,800	26,180	(499,620)	806,456
Repair and Maintenance	99,000	91,875	(7,125)	57,797
Salaries	310,879	295,556	(15,323)	294,154
Supplies	45,000	86,527	41,527	83,114
Travel and Transportation	420	366	(54)	698
Utilities	243,450	223,391	(20,059)	237,267
Total Site, Building and Equipment	1,537,128	1,018,744	(518,384)	1,763,162
<u>Fixed Cost Programs</u>				
Property Insurance	75,000	75,428	428	67,313
Total Fixed Cost Programs	75,000	75,428	428	67,313
Total Expenditures	9,091,160	9,008,120	(83,040)	9,127,118
Excess Revenues (Expenditures)	(516,620)	390,764	907,384	(988,685)
<u>Other Financing Sources (Uses)</u>				
Sale of Property	24,000	250	(23,750)	37,268
Transfers Out				(204,320)
Total Other Financing Sources (Uses)	24,000	250	(23,750)	(167,052)
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(492,620)	391,014	883,634	(1,155,737)
Fund Balance-July 1		3,023,940		4,179,677
Fund Balance-June 30		81 3,414,954		3,023,940

ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2024

			Total (Memo Only)	
	Food	Community	2024	2023
<u>Assets</u>	Service	Service		
Cash and Investments	429,081	166,764	595,845	402,719
Current Property Taxes Receivable		27,325	27,325	32,425
Delinquent Property Taxes Receivable		249	249	582
Accounts Receivable	990	1,295	2,285	1,738
Due from Department of Education		2,586	2,586	4,823
Due from Federal Government				45,426
Inventory	6,313		6,313	2,310
Prepaid Items				2,980
Total Assets	<u>436,384</u>	<u>198,219</u>	<u>634,603</u>	<u>493,003</u>
<u>Liabilities, Deferred Inflows of Resources,</u>				
<u>and Fund Balances</u>				
<u>Liabilities</u>				
Salaries Payable	207	21,760	21,967	13,968
Accounts Payable	2,239	9,529	11,768	2,464
Payroll Deductions	71	14,457	14,528	10,062
Unearned Revenue	10,716	28,138	38,854	16,575
Total Liabilities	<u>13,233</u>	<u>73,884</u>	<u>87,117</u>	<u>43,069</u>
<u>Deferred Inflows of Resources</u>				
Unavailable Revenue-Delinquent Taxes		249	249	582
Property Taxes Levied for Subsequent Years		52,981	52,981	52,439
Total Deferred Inflows of Resources	<u>-0-</u>	<u>53,230</u>	<u>53,230</u>	<u>53,021</u>
<u>Fund Balances</u>				
Fund Balance-Nonspendable	6,313		6,313	5,290
Fund Balance-Restricted	416,838	71,105	487,943	391,623
Total Fund Balances	<u>423,151</u>	<u>71,105</u>	<u>494,256</u>	<u>396,913</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>436,384</u>	<u>198,219</u>	<u>634,603</u>	<u>493,003</u>

SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2024

	Food Service	Community Service	Total (Memo Only)	
<u>Revenues</u>			2024	2023
Local Property Tax Levy		39,375	39,375	48,909
Other Local and County Revenues	11,559	114,142	125,701	126,720
Revenue from State Sources	285,027	76,758	361,785	98,554
Revenue from Federal Sources	295,695		295,695	285,470
Local Sales	85,230		85,230	247,788
Total Revenues	<u>677,511</u>	<u>230,275</u>	<u>907,786</u>	<u>807,441</u>
 <u>Expenditures</u>				
Community Education and Services		284,038	284,038	195,003
Pupil Support Services	526,405		526,405	467,938
Total Expenditures	<u>526,405</u>	<u>284,038</u>	<u>810,443</u>	<u>662,941</u>
 Excess Revenues (Expenditures)	151,106	(53,763)	97,343	144,500
Fund Balance-July 1	272,045	124,868	396,913	252,413
Fund Balance-June 30	<u>423,151</u>	<u>71,105</u>	<u>494,256</u>	<u>396,913</u>

FOOD SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2024

	Year Ended June 30			
	2024		Variance with Final Budget	2023
	Budget	Actual		Actual
<u>Revenues</u>				
<u>Other Local and County Revenues</u>				
Interest Income		11,559	11,559	4,603
Miscellaneous	100		(100)	
Total Other Local and County Revenues	100	11,559	11,459	4,603
<u>Revenue From State Sources</u>				
Breakfast Reimbursement	11,000	36,972	25,972	10,667
Lunch Reimbursement	13,200	248,055	234,855	15,146
Total Revenue From State Sources	24,200	285,027	260,827	25,813
<u>Revenue From Federal Sources</u>				
Breakfast Reimbursement	37,000	40,645	3,645	35,152
Commodities	30,000	49,024	19,024	38,776
Lunch Reimbursement	194,000	178,422	(15,578)	190,656
Other	18,000	27,604	9,604	20,886
Total Revenue From Federal Sources	279,000	295,695	16,695	285,470
<u>Local Sales</u>				
Lunch and Breakfast Sales	236,200	85,230	(150,970)	247,788
Total Revenues	539,500	677,511	138,011	563,674
<u>Expenditures</u>				
<u>Pupil Support Services</u>				
Commodities	30,000	49,024	19,024	38,776
Fixed Charges and Employee Benefits	28,343	31,323	2,980	26,645
Food	203,500	217,545	14,045	205,060
Milk	26,900	22,589	(4,311)	21,444
Repairs and Maintenance	1,000	5,946	4,946	1,486
Salaries	192,486	190,355	(2,131)	166,575
Supplies	9,800	9,261	(539)	7,235
Travel and Transportation	270	362	92	717
Total Expenditures	492,299	526,405	34,106	467,938
Excess Revenues (Expenditures)	47,201	151,106	103,905	95,736
Fund Balance-July 1		272,045		176,309
Fund Balance-June 30		423,151		272,045

COMMUNITY SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2024

	Year Ended June 30			
	2024			2023
			Variance with	
	Budget	Actual	Final	Actual
			Budget	
Revenues				
Local Property Tax Levy				
Local Tax Levy	52,439	39,375	(13,064)	48,909
Total Local Property Tax Levy	52,439	39,375	(13,064)	48,909
Other Local and County Revenues				
Fees From Patrons	24,810	35,523	10,713	32,823
Gift and Bequests	5,000	5,000		2,900
Interest Income	50	4,859	4,809	3,332
Tuition From Patrons	55,500	68,760	13,260	83,062
Total Other Local and County Revenues	85,360	114,142	28,782	122,117
Revenue From State Sources				
Disparity		319	319	325
General Education Aid	81,000	50,885	(30,115)	40,465
Homestead/Agriculture Credit		876	876	925
Nonpublic Aid	575		(575)	
Other State Aids	24,605	24,678	73	31,026
Total Revenue From State Sources	106,180	76,758	(29,422)	72,741
Revenue From Federal Sources				
After School Snack	500		(500)	
Total Revenue From Federal Sources	500	-0-	(500)	-0-
Total Revenues	244,479	230,275	(14,204)	243,767
Community Education and Services				
Fixed Charges and Employee Benefits	30,863	41,908	11,045	34,541
Instructional Supplies	4,900	481	(4,419)	482
Professional Services	6,000	24,647	18,647	18,619
Salaries	140,751	188,573	47,822	154,394
Supplies	6,921	22,803	15,882	5,560
Travel and Transportation	5,350	5,626	276	(18,593)
Total Expenditures	194,785	284,038	89,253	195,003
Excess Revenues (Expenditures)	49,694	(53,763)	(103,457)	48,764
Fund Balance-July 1		124,868		76,104
Fund Balance-June 30		71,105		124,868

CAPITAL PROJECTS FUND
BALANCE SHEET
JUNE 30, 2024

<u>Assets</u>	<u>2024</u>	<u>2023</u>
Cash and Investments		90,141
Total Assets	<u>-0-</u>	<u>90,141</u>
 <u>Liabilities, Deferred Inflows of Resources,</u>		
<u>and Fund Balances</u>		
<u>Liabilities</u>		
Accounts Payable	109,346	
Due to other Funds	<u>100,038</u>	
Total Liabilities	<u>209,384</u>	<u>-0-</u>
 <u>Fund Balances</u>		
Fund Balance-Restricted		90,141
Fund Balance-Unassigned	<u>(209,384)</u>	
Total Fund Balances	<u>(209,384)</u>	<u>90,141</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>-0-</u>	<u>90,141</u>

CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2024

	Year Ended June 30			
	2024			2023
			Variance with Final Budget	
<u>Revenues</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
Other Local and County Revenues				
Interest Income	29,000	39,309	10,309	12,901
Gift and Bequests				6,785
Total Revenues	29,000	39,309	10,309	19,686
 <u>Expenditures</u>				
Site, Building and Equipment				
Building	67,800	326,678	258,878	3,568
Equipment				24,665
Professional Services	12,000	11,885	(115)	171,468
Supplies		271	271	15,345
Total Expenditures	79,800	338,834	259,034	215,046
 Excess Revenues (Expenditures)	(50,800)	(299,525)	(248,725)	(195,360)
Fund Balance-July 1		90,141		285,501
Fund Balance-June 30		(209,384)		90,141

DEBT SERVICE FUND
BALANCE SHEET
JUNE 30, 2024

<u>Assets</u>	<u>2024</u>	<u>2023</u>
Cash and Investments	1,095,568	1,161,873
Current Property Taxes Receivable	1,879,647	1,800,422
Delinquent Property Taxes Receivable	9,537	1,954
Due From Department of Education	136,562	110,495
Total Assets	<u>3,121,314</u>	<u>3,074,744</u>
 <u>Liabilities, Deferred Inflows of Resources,</u> <u>and Fund Balances</u>		
<u>Liabilities</u>		
Accounts Payable		2,000
Total Liabilities	<u>-0-</u>	<u>2,000</u>
 <u>Deferred Inflows of Resources</u>		
Unavailable Revenue-Delinquent Taxes	9,537	1,954
Property Taxes Levied for Subsequent Years	<u>2,425,463</u>	<u>2,559,889</u>
Total Deferred Inflows of Resources	<u>2,435,000</u>	<u>2,561,843</u>
 <u>Fund Balances</u>		
Fund Balance-Restricted	<u>686,314</u>	<u>510,901</u>
Total Fund Balances	<u>686,314</u>	<u>510,901</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>3,121,314</u>	<u>3,074,744</u>

DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2024

	Year Ended June 30			2023
	2024		Variance with Final Budget	
<u>Revenues</u>	Budget	Actual	Budget	Actual
<u>Local Property Tax Levy</u>				
Local Tax Levy	2,559,889	1,208,417	(1,351,472)	1,357,068
Total Local Property Tax Levy	2,559,889	1,208,417	(1,351,472)	1,357,068
<u>Other Local and County Revenues</u>				
Interest Income		40,834	40,834	19,591
Total Other Local and County Revenues	-0-	40,834	40,834	19,591
<u>Revenue From State Sources</u>				
Disparity Reduction		15,567	15,567	15,918
Market Value Credits		42,728	42,728	45,384
School Building Bond Ag 2 School Credit		1,307,322	1,307,322	1,043,649
Total Revenue From State Sources		1,365,617	1,365,617	1,104,951
Total Revenues	2,559,889	2,614,868	54,979	2,481,610
<u>Expenditures</u>				
<u>Fiscal and Other Fixed Cost Programs</u>				
Interest and Fiscal Charges	1,137,605	1,137,605		1,196,210
Other	2,000	1,850	(150)	3,850
Principal	1,300,000	1,300,000		1,235,000
Total Expenditures	2,439,605	2,439,455	(150)	2,435,060
Excess Revenues (Expenditures)	120,284	175,413	55,129	46,550
<u>Other Financing Sources (Uses)</u>				
Transfers In				204,320
Total Other Financing Sources (Uses)	-0-	-0-	-0-	204,320
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	120,284	175,413	55,129	250,870
Fund Balance-July 1		510,901		260,031
Fund Balance-June 30		686,314		510,901

UNIFORM FINANCIAL ACCOUNTING & REPORTING STANDARDS
COMPLIANCE TABLE
FOR THE YEAR ENDED JUNE 30, 2024

	Audit	UFARS	Audit - UFARS
<u>01 GENERAL FUND</u>			
Total Revenue	9,398,884	9,398,884	
Total Expenditures	9,008,120	9,008,120	
Restricted/Reserve:			
401 Student Activities	43,074	43,074	
412 Literacy Incentive Aid	23,057	23,057	
424 Operating Capital	33,397	33,397	
441 Basic Skills Programs	55,761	55,761	
443 School Library Aid	39,688	39,688	
449 Safe Schools	91,009	91,010	(1)
467 Long Term Facility Maint	571,923	571,923	
471 Student Support Personnel	40,000	40,000	
Assigned:			
462 Assigned	60,886	60,886	
Unassigned:			
422 Unassigned	2,456,159	2,456,159	
<u>02 FOOD SERVICE</u>			
Total Revenue	677,511	677,511	
Total Expenditures	526,405	526,405	
Non Spendable:			
460 Non Spendable	6,313	6,313	
Restricted:			
464 Restricted	416,838	416,838	
<u>04 COMMUNITY SERVICE</u>			
Total Revenue	230,275	230,275	
Total Expenditures	284,038	284,038	
Restricted/Reserve:			
431 Community Education	23,963	23,963	
432 Early Child & Family Education	35,659	35,659	
444 School Readiness	(15,745)	(15,746)	1
464 Restricted	27,228	27,228	
<u>06 BUILDING CONSTRUCTION</u>			
Total Revenue	39,309	39,309	
Total Expenditures	338,834	338,835	(1)
Restricted:			
463 Unassigned Fund Balance	(209,384)	(209,384)	
<u>07 DEBT SERVICE</u>			
Total Revenue	2,614,868	2,614,868	
Total Expenditures	2,439,455	2,439,455	
Restricted:			
464 Restricted Fund Balance	686,314	686,314	

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

<u>Pass Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>	<u>Federal Funding Source</u>	<u>Loan Award</u>
Through Minnesota Department of Education					
Child Nutrition Cluster:					
School Breakfast Program	10.553	40,645	None	USDOA	No
National School Lunch Program	10.555	178,422	None	USDOA	No
Total Child Nutrition Cluster		219,067			
Commodity Supplemental Food Program	10.565	49,024	None	USDOA	No
Child and Adult Care Food Program	10.558	27,604	None	USDOA	No
COVID 19 American Rescue Plan-Elementary and Secondary Emergency Relief	84.425U	269,925	None	USDOE	No
COVID 19 Coronavirus State and Local Recovery Funds	21.027	86,064	None	USDOT	No
State (P-EBT) Admin Costs Grant	10.649	653	None	USDOA	No
Career and Technical Education Grants (Carl Perkins)	84.048	1,354	None	USDOE	No
Title II	84.367	12,401	None	USDOED	No
Title I	84.010	73,636	None	USDOED	No
Title IV	84.424	6,225	None	USDOED	No
Direct Funding					
REAP	84.358	47,891	None	USDOED	No
Through SW/WC Service Coop					
Individuals with Disabilities Education Act	84.027	27,877	None	USDOED	No
Total Federal Expenditures		821,721			

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this statement.

Independent School District No. 2902
RTR Public Schools
Tyler, 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 the District and is presented on the modified accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

NOTE 2 – PASS-THROUGH GRANT NUMBERS

All pass-through entities listed above use the same CFDA numbers as the federal grantors to identify these grants and have not assigned any additional identifying numbers.

NOTE 3 – INVENTORY

Inventories of commodities donated by the U.S. Department of Agriculture are recorded at market value in the Food Service Fund as inventory. Revenue and expenditures are recorded when commodities are used. Nonmonetary assistance is reported in this schedule at fair market value of commodities received and disbursed.

NOTE 4 – INDIRECT COST RATE

The District did not elect to use the 10 percent de minimis indirect cost rate, as allowed under the Uniform Guidance.

NOTE 5 – LOAN BALANCES

None

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PARTNERS

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David W. Friedrichsen, CPA
Daryl J. Kanthak, CPA
Blake R. Klinsing, CPA
Amy L. Mollberg, CPA

WITH THE FIRM

Kirk W. Morgan, CPA

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

To The Board of Education
Independent School District No. 2902
RTR Public Schools
Tyler, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Independent School District No. 2902, RTR Public Schools, Tyler, 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 September 25, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Independent School District No. 2902's internal control over financial reporting to determine the 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness on the Independent School District No. 2902's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and, therefore, material weaknesses may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be material weaknesses (2024-001 and 2024-002).

Report on Compliance and Other Matters

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

Minnesota Legal Compliance

The *Minnesota Legal Compliance Audit Guide for School District's*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards for school districts. Our audit considered all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that the Independent School District No. 2902 failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for School District's*. 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 Independent School District No. 2902's noncompliance with the above reference provisions.

Independent School District No. 2902's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Independent School District No. 2902's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this 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 entity's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.



Meulebroeck, Taubert & Co., PLLP
Certified Public Accountants
Pipestone, Minnesota

September 25, 2024

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WITH THE FIRM

Kirk W. Morgan, CPA

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

To The Board of Education
Independent School District No. 2902
RTR Public Schools
Tyler, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Independent School District No. 2902, RTR Public Schools, Tyler, Minnesota's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Independent School District No. 2902's major federal programs for the year ended June 30, 2024. Independent School District No. 2902's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs in Accordance with the Uniform Guidance.

In our opinion, the District complied in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major 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 (GAAS); 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 for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to 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 GAAS, *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 judgement 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgement 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, and 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 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. 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Meulebroeck, Taubert & Co., PLLP
Certified Public Accountants
Pipestone, Minnesota

September 25, 2024

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
IN ACCORDANCE WITH THE UNIFORM GUIDANCE
FOR THE YEAR ENDED JUNE 30, 2024

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:	We issued an unmodified opinion on the fair presentation of the financial statements of the governmental activities, each major fund and the aggregate remaining fund information in accordance with accounting principles generally accepted in the United States of America (GAAP).
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes, Audit Finding 2024-001
• Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted:	No

Federal Awards

Type of auditor’s report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	No
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516?	No

Identification of Major Programs

CFDA No:	84.425U
Name of Federal Program or Cluster:	American Rescue Plan Elementary and Secondary School Emergency Relief
CFDA No:	21.027
Name of Federal Program or Cluster:	Coronavirus State and Local Recovery Funds
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low risk auditee?	No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
IN ACCORDANCE WITH THE UNIFORM GUIDANCE
FOR THE YEAR ENDED JUNE 30, 2024

SECTION II – FINANCIAL STATEMENT FINDINGS

2024-001 Internal Accounting Controls

Criteria: Internal control should include an adequate segregation of duties in the accounting functions.

Condition: Due to a limited number of office personnel, proper segregation of duties in the accounting functions is not always possible.

Cause: This condition is not unusual where staffing size can result in an improper segregation of duties. Management has determined that given the size and resource limitations the desirable level of segregation of duties necessary may not be feasible.

Effect: Without an adequate segregation of duties these are opportunities for errors or fraudulent activities to occur and remain undetected.

Recommendation: We recommend that the District's management be aware of the lack of segregation of the accounting functions and implement oversight procedures to ensure that the internal control policies and procedures are being implemented by staff and encourage additional controls as they become available due to changes in staff, etc.

Corrective Action Plan (CAP)

Evaluation of disagreement with audit findings:

There is no disagreement with the audit findings.

Actions planned in response to the finding:

Because it is economically infeasible to hire additional staff to adequately provide for the proper segregation of duties, the district implemented an internal control policy on November 17, 2008, that addresses the areas of segregation the district is lacking, including bank reconciliation, receipts, disbursements, payroll, journal entries, and budget. The policy utilizes staff and board members to ensure that segregation of duties occurs to the extent possible.

Official responsible for Ensuring CAP:

The District's Superintendent in conjunction with the Business Manager is the official responsible for ensuring corrective action.

Planned completion date for CAP:

December 31, 2024

Plan to monitor completion of CAP:

The Superintendent and Board of Education will monitor the internal control system to ensure it is functioning as the internal control policy states.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
IN ACCORDANCE WITH THE UNIFORM GUIDANCE
FOR THE YEAR ENDED JUNE 30, 2024

SECTION II – FINANCIAL STATEMENT FINDINGS - CONTINUED

2024-002 GAAP Financial Statements

Personnel that lack the necessary expertise are responsible for financial statements required to be prepared in accordance with generally accepted accounting principles.

Criteria: Personnel in the District should prepare the financial statements in accordance with generally accepted accounting principles.

Condition: It was determined that the personnel lacked the necessary expertise to prepare the financial statements in accordance with generally accepted accounting principles.

Cause: Personnel in the District do not have the experience or expertise to prepare the financial statements in accordance with generally accepted accounting principles.

Effect: As the District personnel were unable to prepare the financial statements in accordance with generally accepted accounting principles, the District had the audit firm assist with the preparation of the financial statements in accordance with generally accepted accounting principles.

Recommendation: It is economically infeasible for the District staff to get the training necessary to be able to prepare the financial statements in accordance with GAAP. The District will continue to have the auditor prepare the financial statements with board review.

Corrective Action Plan (CAP):

Evaluation of disagreement with audit findings:

There is no disagreement with the audit findings.

Actions planned in response to the finding:

The District has studied the situation and found that it is economically infeasible to hire or provide adequate training required to adequately prepare financial statements in accordance with generally accepted accounting principles. The cost benefit of providing the necessary training to acquire and maintain this expertise prohibits it. Although the district will continue to have the auditor prepare the financial statements, the district implemented an internal control policy on November 17, 2008, that documents the annual review of the financial statements, disclosures and schedules.

Official Responsible for Ensuring CAP:

The District's Superintendent in conjunction with the Business Manager is the official responsible for ensuring corrective action.

Planned Completion Date for CAP:

December 31, 2024

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
IN ACCORDANCE WITH THE UNIFORM GUIDANCE
FOR THE YEAR ENDED JUNE 30, 2024

SECTION II – FINANCIAL STATEMENT FINDINGS - CONTINUED

Plan to Monitor Completion of CAP:

The Superintendent and Board of Education will monitor the internal control policy is being followed in relation to the annual review of the financial statements.

SECTION III – 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.

SECTION IV – CORRECTIVE ACTION PLANS

Corrective Action Plans are attached as required to be reported under the Single Audit Act.

SECTION V – PRIOR YEAR FINDINGS AND QUESTIONED COSTS

2023-001 Internal Accounting Controls

Criteria: Internal control should include an adequate segregation of duties in the accounting functions.

Condition: Due to a limited number of office personnel, proper segregation of duties in the accounting functions is not always possible.

Cause: This condition is not unusual where staffing size can result in an improper segregation of duties. Management has determined that given the size and resource limitations the desirable level of segregation of duties necessary may not be feasible.

Effect: Without an adequate segregation of duties these are opportunities for errors or fraudulent activities to occur and remain undetected.

Recommendation: We recommend that the District's management be aware of the lack of segregation of the accounting functions and implement oversight procedures to ensure that the internal control policies and procedures are being implemented by staff and encourage additional controls as they become available due to changes in staff, etc.

Corrective Action Plan (CAP)

Evaluation of disagreement with audit findings:

There is no disagreement with the audit findings.

Actions planned in response to the finding:

Because it is economically infeasible to hire additional staff to adequately provide for the proper segregation of duties, the district implemented an internal control policy on November 17, 2008, that addresses the areas of segregation the district is lacking, including bank reconciliation,

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
IN ACCORDANCE WITH THE UNIFORM GUIDANCE
FOR THE YEAR ENDED JUNE 30, 2024

SECTION V – PRIOR YEAR FINDINGS AND QUESTIONED COSTS – CONTINUED

2023-001 Internal Accounting Controls – continued

receipts, disbursements, payroll, journal entries, and budget. The policy utilizes staff and board members to ensure that segregation of duties occurs to the extent possible.

Official responsible for Ensuring CAP:

The District's Superintendent in conjunction with the Business Manager is the official responsible for ensuring corrective action.

Planned completion date for CAP:

December 31, 2023

Plan to monitor completion of CAP:

The Superintendent and Board of Education will monitor the internal control system to ensure it is functioning as the internal control policy states.

2023-002 GAAP Financial Statements

Personnel that lack the necessary expertise are responsible for financial statements required to be prepared in accordance with generally accepted accounting principles.

Criteria: Personnel in the District should prepare the financial statements in accordance with generally accepted accounting principles.

Condition: It was determined that the personnel lacked the necessary expertise to prepare the financial statements in accordance with generally accepted accounting principles.

Cause: Personnel in the District do not have the experience or expertise to prepare the financial statements in accordance with generally accepted accounting principles.

Effect: As the District personnel were unable to prepare the financial statements in accordance with generally accepted accounting principles, the District had the audit firm assist with the preparation of the financial statements in accordance with generally accepted accounting principles.

Recommendation: It is economically infeasible for the District staff to get the training necessary to be able to prepare the financial statements in accordance with GAAP. The District will continue to have the auditor prepare the financial statements with board review.

Corrective Action Plan (CAP)

Evaluation of disagreement with audit findings:

There is no disagreement with the audit findings.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
IN ACCORDANCE WITH THE UNIFORM GUIDANCE
FOR THE YEAR ENDED JUNE 30, 2024

SECTION V – PRIOR YEAR FINDINGS AND QUESTIONED COSTS – CONTINUED

2023-002 GAAP Financial Statements – continued

Actions planned in response to the finding:

The District has studied the situation and found that it is economically infeasible to hire or provide adequate training required to adequately prepare financial statements in accordance with generally accepted accounting principles. The cost benefit of providing the necessary training to acquire and maintain this expertise prohibits it. Although the district will continue to have the auditor prepare the financial statements, the district implemented an internal control policy on November 17, 2008, that documents the annual review of the financial statements, disclosures and schedules.

Official Responsible for Ensuring CAP:

The District's Superintendent in conjunction with the Business Manager is the official responsible for ensuring corrective action.

Planned Completion Date for CAP:

December 31, 2023

Plan to Monitor Completion of CAP:

The Superintendent and Board of Education will monitor the internal control policy is being followed in relation to the annual review of the financial statements.



RTR SCHOOL DISTRICT #2902

Russell – Tyler – Ruthton

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Financial Statement Findings

2024-001 Internal Accounting Controls

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

Because it is economically infeasible to hire additional staff to adequately provide for the proper segregation of duties, the district implemented an internal control policy on November 17, 2008, that addresses the areas of segregation the district is lacking, including bank reconciliation, receipts, disbursements, payroll, journal entries, and budget. The policy utilizes staff and board members to ensure that segregation of duties occurs to the extent possible.

3. Official Responsible for Ensuring CAP

The District's Superintendent in conjunction with the Business Manager are the officials responsible for ensuring corrective action.

4. Planned Completion Date for CAP

December 31, 2024

5. Plan to Monitor Completion of CAP

The Superintendent and Board of Education will monitor the internal control system to ensure it is functioning as the internal control policy states.

2024-002 GAAP Financial Statements

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 has studied the situation and found that it is economically infeasible to hire or provide adequate training required to adequately prepare financial statements in accordance with generally accepted accounting principles. The cost benefit of providing the necessary training to acquire and maintain this expertise prohibits it. Although the district will continue to have the auditor prepare the financial statements, the district implemented an internal control policy on November 17, 2008, that documents the annual review of the financial statements, disclosures and schedules.

3. Official Responsible for Ensuring CAP

The District's Superintendent in conjunction with the Business Manager are the officials responsible for ensuring corrective action.

4. Planned Completion Date for CAP

December 31, 2024

5. Plan to Monitor Completion of CAP

The Superintendent and Board of Education will monitor the internal control policy is being followed in relation to the annual review of the financial statements.

Sincerely,

A handwritten signature in black ink, appearing to read "David A. Marlette", with a stylized flourish at the end.

David Marlette
Superintendent of Schools