BENSON PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 777

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2024



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BENSON PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 777
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INTRODUCTORY SECTION

BENSON PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 777
BOARD OF EDUCATION AND ADMINISTRATION
JUNE 30, 2024

Officer	Title	Term Expires
Brian Samuelson	Chairperson	January 1, 2027
Gary Williams	Vice-Chairperson	January 1, 2025
Mary KW Langan	Clerk	January 1, 2025
Bill McGeary	Treasurer	January 1, 2025
James Berens	Director	January 1, 2027
Paul Carruth	Director	January 1, 2027
Marin Kowal	Director	January 1, 2025

ADMINISTRATION

Dennis Laumeyer	Superintendent of Schools

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Board of Education
Benson Public Schools
Independent School District No. 777
Benson, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 777 (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 13 to the financial statements, net position was restated. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' 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 GAAS 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 GAAS and *Government Auditing Standards*, we:

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

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule – General Fund, budgetary comparison schedule – Food Service Fund, budgetary comparison schedule – Community Service Fund, schedule of changes in the District's OPEB liability and related ratios, the schedule of the District's proportionate share of the net pension liability, the schedule of District contributions, and the notes to the required supplementary information, as listed on 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The uniform financial accounting and reporting standards compliance table are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the uniform financial accounting and reporting standards compliance table is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

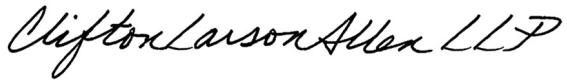
Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information,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

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

Board of Education
Benson Public Schools
Independent School District No. 777

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Alexandria, Minnesota
October 16, 2024

REQUIRED SUPPLEMENTARY INFORMATION

BENSON PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 777
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024

This section of Benson Public Schools – Independent School District No. 777's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2024.

FINANCIAL HIGHLIGHTS

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

- Net position increased $1,617,064, excluding prior period adjustments, due to increased state and federal aids and miscellaneous revenues.
- Overall revenues in the statement of activities were $16,681,804 and expenses were $15,064,740.
- The General Fund balance decreased $203,155 due expenditures being higher than expected.
- The Food Service Fund balance increased $8,303 due to an increase in state reimbursements.
- The Community Service Fund balance decreased by $116,674 due to an decrease in charges for services.
- The Debt Service Fund balance increased by $118,213 due to an increase in state aid.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditors' 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 two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others to whom the resources belong.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data.

District-Wide Statements

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

District-Wide Statements (Continued)

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

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

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

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

Fund Financial Statements

The fund financial statements provide more detailed information about the District's *funds* – focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal grants).

The District has two types of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- *Fiduciary Funds* – The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds in the District's Private-Purpose Trust Fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's *combined* net position was $7,465,606 on June 30, 2024. There was a net increase of $1,617,064, excluding prior period adjustments of $497,651, over the net position of $5,350,851 at June 30, 2024 primarily due to an increase in state and federal aids.

Table A-1
Net Position

	Governmental Activities		Percentage
	2024	2023	Change
Current and Other Assets	$ 11,089,599	$ 8,549,561	29.71 %
Capital and Noncurrent Assets	37,281,489	39,865,718	(6.48)
Total Assets	48,371,088	48,415,279	(0.09)
Deferred Outflows of Resources	2,442,110	4,822,072	(49.36)
Current Liabilities	4,383,005	3,525,839	24.31
Long-Term Liabilities	33,843,875	36,192,102	(6.49)
Total Liabilities	38,226,880	39,717,941	(3.75)
Deferred Inflows of Resources	5,120,712	8,168,559	(37.31)
Net Position:			
Net Investment in Capital Assets	10,656,882	8,114,032	31.34
Restricted	1,199,985	2,465,327	(51.33)
Unrestricted	(4,391,261)	(5,228,508)	(16.01)
Total Net Position	$ 7,465,606	$ 5,350,851	39.52

The impact of the errors on the prior year's change in net position has not been determined, therefore, the 2023 activity is not restated to reflect the errors.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in Net Position

A summary of the revenues and expenses is presented below and described in more detail following the table.

Table A-2
Change in Net Position

	Governmental Activities for the Fiscal Year Ended June 30,		Total Percent
	2024	2023	Change
Revenues			
Program Revenues			
Charges for Services	$ 1,192,948	$ 1,593,923	(25.16)%
Operating Grants and Contributions	4,081,850	3,089,654	32.11
Capital Grants and Contributions	38,681	367,514	(89.47)
General Revenues			
Property Taxes	2,887,859	2,963,001	(2.54)
Unrestricted State Aid	7,709,831	8,352,362	(7.69)
Investment Earnings	345,182	177,867	94.07
Other	425,453	40,775	943.42
Total Revenues	16,681,804	16,585,096	0.58
Expenses			
Administration	829,360	854,629	(2.96)
District Support Services	397,207	470,935	(15.66)
Regular Instruction	6,298,722	5,194,679	21.25
Vocational Education Instruction	292,569	277,972	5.25
Special Education Instruction	1,894,941	1,945,501	(2.60)
Instructional Support Services	236,765	165,002	43.49
Pupil Support Services	936,473	975,671	(4.02)
Sites and Buildings	1,359,789	2,260,403	(39.84)
Fiscal and Other Fixed Cost Programs	84,418	2,196	3744.17
Food Service	758,422	720,181	5.31
Community Service	1,255,624	1,309,519	(4.12)
Interest and Fiscal Charges on Long-Term Liabilities	720,450	1,059,896	(32.03)
Total Expenses	15,064,740	15,236,584	(1.13)
Change in Net Position	1,617,064	1,348,512	
Net Position - Beginning	5,350,851	4,002,339	
Prior Period Adjustment	497,691	-	
Beginning Net Position, as Restated	5,848,542	4,002,339	
Net Position - Ending	$ 7,465,606	$ 5,350,851	

The impact of the errors on the prior year's change in net position has not been determined, therefore, the 2023 activity is not restated to reflect the errors.

The decrease in expenses is due to a decrease in debt service payments.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

The cost of all *governmental* activities this year was $15,064,740.

- Some of the cost was paid by the users of the District's programs ($1,192,948).
- The federal and state governments subsidized certain programs with grants and contributions ($4,120,531).
- Most of the District's costs, however, were paid for by District taxpayers and the taxpayers of our state.
- This portion of governmental activities was paid for with $2,887,859 in property taxes, $7,709,831 of state and federal aid and $770,635 in investment earnings and other general revenues.

Figure A-1 Sources of District Revenues for Fiscal 2024

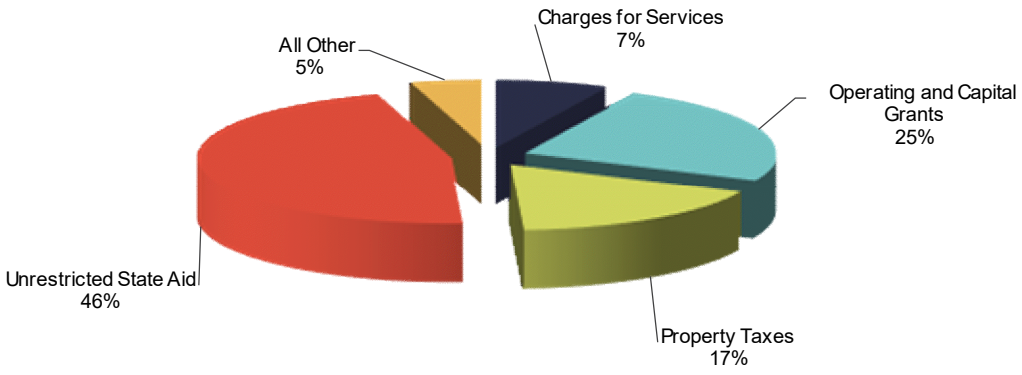
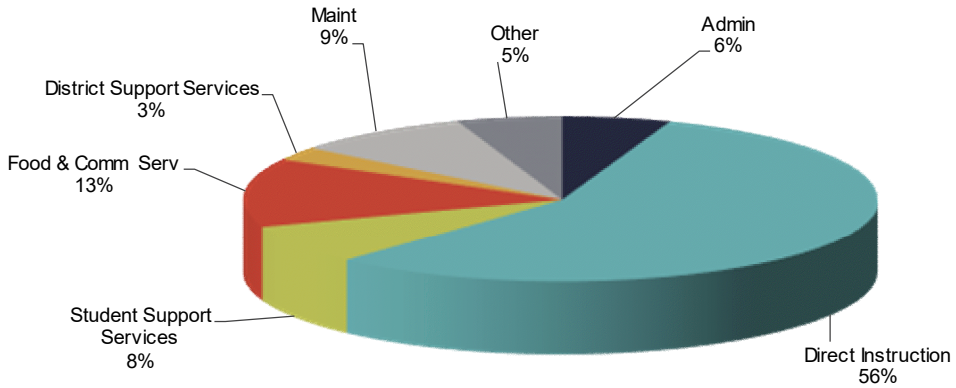


Figure A-2 District Expenses for Fiscal 2024



FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Typically the District does not include in an analysis of all governmental activities a breakout of expenses as depicted in Figure A-2. To do so distorts the latitude available to the District to allocate resources to instruction. All governmental funds includes not only funds received for the general operation of the district, which are used for classroom instruction, but also includes resources from the entrepreneurial-type funds of Food Service and Community Education, and from resources for fiscal service transactions. Funding for the general operation of the District is controlled by the state and the District does not have the latitude to allocate money received in Food Service or Community Education or for fiscal services to enhance classroom instruction resources. The District cannot take funds from these restricted areas and use the funds to hire teachers to enhance instruction. The above graph, by pooling all expenditures, implies that the District does have equal access to all funds to impact classroom instruction. In Minnesota, that is simply not an option. Therefore, a more accurate analysis of resources allocated to instruction should be limited to an analysis of resources received for the general operation of the District and that analysis would show that 56% of those resources are spent on instruction.

Table A-3
Cost and Net Cost of Services

	Total Cost of Services		Percentage	Net Cost of Services		Percentage
	2024	2023	Change	2024	2023	Change
Administration	$ 829,360	$ 854,629	(2.96)%	$ 829,360	$ 848,732	(2.28)%
District Support Services	397,207	470,935	(15.66)	396,398	470,935	(15.83)
Regular Instruction	6,298,722	5,194,679	21.25	4,550,964	3,596,515	26.54
Vocational Education Instruction	292,569	277,972	5.25	259,690	236,378	9.86
Special Education Instruction	1,894,941	1,945,501	(2.60)	101,289	387,597	(73.87)
Instructional Support Services	236,765	165,002	43.49	236,747	165,002	43.48
Pupil Support Services	936,473	975,671	(4.02)	764,739	984,287	(22.31)
Sites and Buildings	1,359,789	2,260,403	(39.84)	1,351,238	2,160,804	(37.47)
Fiscal and Other Fixed Cost Programs	84,418	2,196	3744.17	84,418	2,196	3744.17
Food Service	758,422	720,181	5.31	8,901	26,949	(66.97)
Community Service	1,255,624	1,309,519	(4.12)	447,067	246,202	81.59
Interest and Fiscal Charges on Long-Term Liabilities	720,450	1,059,896	(32.03)	720,450	1,059,896	(32.03)
Total	$ 15,064,740	$ 15,236,584	(1.13)	$ 9,751,261	$ 10,185,493	(4.26)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of $4,729,864. This is a decrease of $1,193,846 or approximately 20.2% of last year's ending fund balance of $5,923,710.

Revenues for the District's governmental funds were $16,748,684 while total expenditures were $17,942,853.

GENERAL FUND

The General Fund includes the primary operations of the District in providing educational services to students from kindergarten through grade 12 including pupil transportation activities and capital outlay projects.

Approximately 90% of General Fund operational revenue is controlled by a complex set of state funding formulas resulting in the local school board having no meaningful authority to determine the level of resources. This includes special education state aid that is based upon a cost reimbursement model providing approximately 56% of personnel expenditures. Other state formulas then determine what portion of the revenue will be provided by property taxes and what portion will come from state aid.

Enrollment is a critical factor in determining revenue with approximately 76% of General Fund revenue being determined by enrollment. The following chart shows the average daily membership (ADM) over the last five years, with a slight increase from the prior year to the current year.

Table A-4
Five-Year Enrollment Trend
Average Daily Membership (ADM)

Grade	2020	2021	2022	2023	2024
Early Childhood	31	30	29	35	25
Kdgt.	60	46	61	41	59
1-3	160	172	163	180	166
4-6	180	161	166	162	174
7-12	369	373	357	334	317
Total K-12 ADM	800	782	776	752	741
ADM Change	14	(18)	(6)	(24)	(11)
Percent Change	1.78%	-2.3%	-0.8%	-3.1%	-1.5%

The following schedule presents a summary of General Fund revenues.

Table A-5
General Fund Revenues

	Year Ended		Change	
	June 30, 2024	June 30, 2023	Increase (Decrease)	Percent
Local Sources:				
Property Taxes	$ 1,607,152	$ 1,318,723	$ 288,429	21.9 %
Earnings on Investments	172,551	107,202	65,349	61.0
Other	658,831	827,648	(168,817)	(20.4)
State Sources	9,452,680	8,739,386	713,294	8.2
Federal Sources	375,593	1,087,431	(711,838)	(65.5)
Total General Fund Revenue	$ 12,266,807	$ 12,080,390	$ 186,417	1.5

GENERAL FUND (CONTINUED)

Total General Fund revenues increased by $186,417 or 1.5% over the previous year. Basic general education revenue is determined by multiple state formulas, largely enrollment driven, and consists of an equalized mix of property tax and state aid revenue. Other state-authorized revenue including operating levy referendum and the property tax shift also involve an equalized mix of property tax and state aid revenue.

The following schedule presents a summary of General Fund expenditures.

Table A-6
General Fund Expenditures

	Year Ended		Change	
	June 30, 2024	June 30, 2023	Increase (Decrease)	Percent
Salaries	$ 7,486,925	$ 7,051,999	$ 434,926	6.2 %
Employee Benefits	2,102,858	1,970,191	132,667	6.7
Purchased Services	1,154,148	1,224,698	(70,550)	(5.8)
Supplies and Materials	717,084	876,717	(159,633)	(18.2)
Capital Expenditures	878,858	1,894,416	(1,015,558)	(53.6)
Other Expenditures	130,412	114,954	15,458	13.4
Total Expenditures	$ 12,470,285	$ 13,132,975	$ (662,690)	(5.0)

Total General Fund expenditures decreased $662,690 or 5.0% from the previous year. The decrease is due to an decrease in capital expenditures due to less purchases in 2024.

General Fund Budgetary Highlights

Actual results differed from budget as follows:

- The District's final budget for the General Fund anticipated that revenues would exceed expenditures by $250,929, actual expenditures exceeded actual revenues by $203,478.
- Overall, actual revenues were $794,762 more than budgeted, representing approximately a 6.9% variation from budgeted revenues.
- The actual expenditures for the current year were $1,249,169 more than budgeted, representing a 11.1% variation from budgeted expenditures.
- The General Fund's unassigned fund balance decreased $258,308 from the prior year.

DEBT SERVICE FUNDS

The Debt Service Fund expenditures were less than revenues by $118,213. The remaining fund balance of $571,066 at June 30, 2024 is restricted for future debt service obligations.

OTHER MAJOR FUNDS

The Food Service Fund had fund balance of $355,795, an increase of $8,303, which was due to a an increase in state reimbursement.

The Community Service Fund had fund balance of $238,194, a decrease of $116,674, which was due to a decrease in charges for services.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Through 2024, the District has invested $48,514,688 in a broad range of capital assets, including: the installation of a HVAC system, tennis courts, a press box, and new bleachers (More detailed information about capital assets can be found in Note 4 to the financial statements.) Total depreciation/amortization expense for the year was $1,150,526.

Table A-7
The District's Capital Assets

	2024	2023	Percentage Change
Land	$ 51,560	$ 51,560	- %
Construction In Progress	1,184,049	384,714	207.8
Land Improvements	3,498,535	2,945,723	18.8
Buildings and Improvements	40,505,408	40,291,764	0.5
Equipment	3,221,841	3,344,031	(3.7)
Subscription Based Information Technology	53,295	53,295	-
Less: Accumulated Depreciation/Amortization	(11,233,199)	(10,209,575)	10.0
Total	$ 37,281,489	$ 36,861,512	1.1

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Liabilities

At year-end, the District had $25,740,000 in general obligation bonds outstanding – a decrease of 4.9% from last year – as shown in Note 5 to the financial statements.

Table A-8
The District's Long-Term Liabilities

	2024	2023	Percentage Change
General Obligation Bonds	$ 25,740,000	$ 27,080,000	(4.95)%
Net Bond Premium and Discount	884,607	1,194,652	(25.95)
Compensated Absences	35,181	28,412	23.82
Total	$ 26,659,788	$ 28,303,064	(5.81)
Long-Term Liabilities:			
Due Within One Year	$ 1,440,000	$ 1,340,000	
Due in More Than One Year	25,219,788	26,963,064	
Total	$ 26,659,788	$ 28,303,064	

FACTORS BEARING ON THE DISTRICT'S FUTURE

Historically, the District has had stable and consistent enrollment trends. In the annual operating budget, the majority of the District's revenue comes from the state of Minnesota, giving the District $7,138 per student for general education aid. The District supplements as needed from its local taxpayers. Both revenue bases have been consistent and appropriate for growing and maintaining a healthy fund balance.

The District budgets appropriately to its revenue projections and can rely on its fund balance to handle unplanned expenses, fast increases in expenditures, or temporary hold backs/reductions in aid. The District has capacity, if needed, to pursue referendum options to make long-term improvements in the District and the District's operating budget. The District is committed to being fiscally responsible in its planning to provide the students and community with the educational opportunities they need to unlock their potential.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Independent School District #777, 1400 Montana Ave, Benson, MN 56215.

BASIC FINANCIAL STATEMENTS

BENSON PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 777
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities
ASSETS	
Cash and Investments	$ 7,296,259
Receivables:	
Property Taxes	2,419,814
Other Governments	1,229,382
Other	67,312
Prepaid Items	55,913
Inventory	20,919
Capital Assets:	
Land and Construction in Progress	1,235,609
Other Capital Assets, Net of Depreciation/Amortization	36,045,880
Total Assets	48,371,088
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related	2,360,756
Other Postemployment Benefits Related	81,354
Total Deferred Outflows of Resources	2,442,110
LIABILITIES	
Salaries and Payroll Deductions Payable	1,315,362
Accounts and Contracts Payable	1,028,711
Accrued Interest	411,134
Due to Other Governmental Units	73,921
Unearned Revenue	46,231
Long-Term Liabilities:	
Portion Due Within One Year	1,440,000
Portion Due in More Than One Year	25,219,788
Other Postemployment Benefit Liability Due Within One Year	67,646
Other Postemployment Benefit Liability	413,510
Net Pension Liability	8,210,577
Total Liabilities	38,226,880
DEFERRED INFLOWS OF RESOURCES	
Pension Related	1,118,623
Other Postemployment Benefits Related	121,625
Property Taxes Levied for Subsequent Year	3,880,464
Total Deferred Inflows of Resources	5,120,712
NET POSITION	
Net Investment in Capital Assets	10,656,882
Restricted for:	
State-Mandates Restrictions	436,804
Food Service	355,795
Community Service	238,550
Debt Service	168,836
Unrestricted	(4,391,261)
Total Net Position	$ 7,465,606

See accompanying Notes to Financial Statements.

BENSON PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 777
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

Functions	Expenses	Program Revenues: Charges for Service	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Total Governmental Activities
GOVERNMENTAL ACTIVITIES					
Administration	$ 829,360	$ -	$ -	$ -	$ (829,360)
District Support Services	397,207	-	-	809	(396,398)
Regular Instruction	6,298,722	390,102	1,328,645	29,011	(4,550,964)
Vocational Education Instruction	292,569	32,744	135	-	(259,690)
Special Education Instruction	1,894,941	25	1,793,358	269	(101,289)
Instructional Support Services	236,765	-	-	18	(236,747)
Pupil Support Services	936,473	-	171,711	23	(764,739)
Sites and Buildings	1,359,789	-	-	8,551	(1,351,238)
Fiscal and Other Fixed Cost Programs	84,418	-	-	-	(84,418)
Food Service	758,422	60,269	689,252	-	(8,901)
Community Service	1,255,624	709,808	98,749	-	(447,067)
Interest and Fiscal Charges on Long-Term Liabilities	720,450	-	-	-	(720,450)
Total School District	$ 15,064,740	$ 1,192,948	$ 4,081,850	$ 38,681	(9,751,261)
GENERAL REVENUES					
Property Taxes Levied for:					
General Purposes					1,609,704
Community Service					91,558
Debt Service					1,186,597
State Aid Not Restricted to Specific Purposes					7,709,831
Earnings on Investments					345,182
Miscellaneous					425,453
Total General Revenues					11,368,325
CHANGE IN NET POSITION					1,617,064
Net Position - Beginning of Year					5,350,851
Prior Period Adjustment					497,691
Net Position - Beginning of Year, as Restated					5,848,542
NET POSITION - END OF YEAR					$ 7,465,606

See accompanying Notes to Financial Statements.

BENSON PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 777
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2024

	Major Funds					Total
	General	Food Service	Community Service	Building Fund	Debt Service	Governmental Funds
ASSETS						
Cash and Investments	$ 4,446,810	$ 381,271	$ 348,682	$ 982,460	$ 1,137,036	$ 7,296,259
Receivables:						
Current Property Taxes	648,765	-	47,999	-	1,708,004	2,404,768
Delinquent Property Taxes	5,786	-	356	-	8,904	15,046
Due from Other Minnesota School Districts	184,473	-	-	-	-	184,473
Due from Minnesota Department of Education	783,479	4,611	10,152	-	-	798,242
Due from Federal through Minnesota Department of Education	101,070	16,528	-	-	-	117,598
Other Receivables	25,720	4,299	42,425	-	123,937	196,381
Prepaid Items	54,079	1,834	-	-	-	55,913
Inventory	-	20,919	-	-	-	20,919
Total Assets	$ 6,250,182	$ 429,462	$ 449,614	$ 982,460	$ 2,977,881	$ 11,089,599
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Salaries and Payroll Deductions Payable	$ 1,200,982	$ 52,042	$ 53,008	$ -	$ -	$ 1,306,032
Accounts Payable	79,682	4,317	14,738	-	-	98,737
Contracts Payable	-	-	-	939,304	-	939,304
Due to Other Governmental Units	71,325	2,596	-	-	-	73,921
Unearned Revenue	2,761	14,712	28,758	-	-	46,231
Total Liabilities	1,354,750	73,667	96,504	939,304	-	2,464,225
DEFERRED INFLOWS OF RESOURCES						
Property Taxes Levied for Subsequent Year	1,367,993	-	114,560	-	2,397,911	3,880,464
Unavailable Revenue - Delinquent Taxes	5,786	-	356	-	8,904	15,046
Total Deferred Inflows of Resources	1,373,779	-	114,916	-	2,406,815	3,895,510
FUND BALANCE						
Nonspendable:						
Prepaid Items	54,079	1,834	-	-	-	55,913
Inventory	-	20,919	-	-	-	20,919
Restricted:						
Safe Schools - Crime	11,675	-	-	-	-	11,675
Early Childhood and Family Educations Programs	-	-	154,511	-	-	154,511
School Readiness	-	-	42,975	-	-	42,975
Adult Basic Education	-	-	651	-	-	651
Gifted and Talented	80	-	-	-	-	80
Basic Skills	112,661	-	-	-	-	112,661
Area Learning Center	1,238	-	-	-	-	1,238
Student Activities	75,623	-	-	-	-	75,623
Staff Development	121,887	-	-	-	-	121,887
Levy Reduction	68,382	-	-	-	-	68,382
Literacy Incentive Aid	32,540	-	-	-	-	32,540
Student Support Personnel	4,000	-	-	-	-	4,000
Medical Assistance	8,718	-	-	-	-	8,718
Other Restricted	-	333,042	40,057	43,156	571,066	987,321
Committed:						
Capital Projects	1,605,724	-	-	-	-	1,605,724
Assigned:						
Other Assigned	104,426	-	-	-	-	104,426
Unassigned	1,320,620	-	-	-	-	1,320,620
Total Fund Balances	3,521,653	355,795	238,194	43,156	571,066	4,729,864
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 6,250,182	$ 429,462	$ 449,614	$ 982,460	$ 2,977,881	$ 11,089,599

See accompanying Notes to Financial Statements.

BENSON PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 777
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total Fund Balance for Governmental Funds	$	4,729,864
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land		51,560
Construction in Progress		1,184,049
Land Improvements, Net of Accumulated Depreciation		2,603,156
Buildings and Improvements, Net of Accumulated Depreciation		32,406,234
Equipment, Net of Accumulated Depreciation		1,007,400
Subscription Asset, Net of Accumulated Amortization		29,090
The District's OPEB liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:		
OPEB Liability		(481,156)
Deferred Inflows of Resources - OPEB Related		(121,625)
Deferred Outflows of Resources - OPEB Related		81,354
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 in the funds.		15,046
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(411,134)
The District's net pension liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:		
Net Pension Liability		(8,210,577)
Deferred Inflows of Resources - Pension Related		(1,118,623)
Deferred Outflows of Resources - Pension Related		2,360,756
Long-term liabilities that pertain to governmental funds, including bonds payable, 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 position. Balances at year-end are:		
Bonds Payable		(25,740,000)
Unamortized Discounts (Premiums)		(884,607)
Compensated Absences		(35,181)
Total Net Position of Governmental Activities	$	7,465,606

See accompanying Notes to Financial Statements.

BENSON PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 777
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024

	Major Funds		
	General	Food Service	Community Service
REVENUES			
Local Sources:			
Property Taxes	$ 1,607,152	$ -	$ 91,558
Earnings on Investments	172,551	16,978	30,593
Other	658,831	60,495	909,746
State Sources	9,452,680	223,287	107,505
Federal Sources	375,593	465,965	-
Total Revenues	12,266,807	766,725	1,139,402
EXPENDITURES			
Current:			
Administration	870,744	-	-
District Support Services	395,775	-	-
Regular Instruction	5,785,467	-	-
Vocational Education Instruction	293,279	-	-
Special Education Instruction	2,033,731	-	-
Instructional Support Services	213,504	-	-
Pupil Support Services	881,878	-	-
Sites and Buildings	1,033,741	-	-
Fiscal and Other Fixed Cost Programs	84,418	-	-
Food Service	-	758,422	-
Community Service	-	-	1,245,423
Capital Outlay	877,748	-	10,653
Debt Service:			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
Paying Agent Fees and Other	-	-	-
Total Expenditures	12,470,285	758,422	1,256,076
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(203,478)	8,303	(116,674)
OTHER FINANCING SOURCES			
Insurance Proceeds	323	-	-
Total Other Financing Sources (Uses)	323	-	-
NET CHANGE IN FUND BALANCES	(203,155)	8,303	(116,674)
Fund Balances - Beginning of Year, As Originally Reported	3,724,808	-	-
Change to or Within the Financial Reporting Entity	-	347,492	354,868
Fund Balance - Beginning of Year, as Adjusted	3,724,808	347,492	354,868
FUND BALANCES - END OF YEAR	$ 3,521,653	$ 355,795	$ 238,194

See accompanying Notes to Financial Statements.

BENSON PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 777
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
(CONTINUED)
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024

Building Fund	Debt Service	Nonmajor Funds	Total Governmental Funds
$ -	$ 1,186,597	$ -	$ 2,885,307
57,877	67,183	-	345,182
-	-	-	1,629,072
-	1,264,093	-	11,047,565
-	-	-	841,558
57,877	2,517,873	-	16,748,684
-	-	-	870,744
-	-	-	395,775
-	-	-	5,785,467
-	-	-	293,279
-	-	-	2,033,731
-	-	-	213,504
-	-	-	881,878
-	-	-	1,033,741
-	-	-	84,418
-	-	-	758,422
-	-	-	1,245,423
1,058,410	-	-	1,946,811
-	1,340,000	-	1,340,000
-	1,059,184	-	1,059,184
-	476	-	476
1,058,410	2,399,660	-	17,942,853
(1,000,533)	118,213	-	(1,194,169)
-	-	-	323
-	-	-	323
(1,000,533)	118,213	-	(1,193,846)
1,043,689	452,853	702,360	5,923,710
-	-	(702,360)	-
1,043,689	452,853	-	5,923,710
$ 43,156	$ 571,066	$ -	$ 4,729,864

See accompanying Notes to Financial Statements.

BENSON PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 777
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

Net Change in Fund Balance-Total Governmental Funds	$	(1,193,846)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation/amortization expense.		
Capital Outlays		1,677,424
Depreciation/Amortization Expense		(1,150,526)
Gain (Loss) on Disposal of Capital Assets		(66,921)
Pension expenditures on the governmental funds are measured by current year employer contributions. Pension expenses on the statement of activities are measured by the change in net pension liability and the related deferred inflows and outflows of resources.		609,735
Payment of OPEB benefits are recognized as expenditures on the fund level while the change in the net prepaid OPEB obligation is recognized in the statement of net position.		66,203
In the statement of activities, compensated absences and severance payable are measured on the accrual basis. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).		(6,769)
The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are amortized in the statement of activities. 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, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items as follows:		
Repayment of Bond Principal		1,340,000
Change in Accrued Interest Expense - General Obligation Bonds		29,165
Amortization of Bond Premium and Discount		310,045
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources in the funds.		2,554
Change in Net Position of Governmental Activities	$	1,617,064

See accompanying Notes to Financial Statements.

BENSON PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 777
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024

	Scholarship Custodial Fund
ASSETS	
Cash and Cash Equivalents	$ 342,969
Total Assets	342,969
NET POSITION	
Restricted for Individuals	$ 342,969

See accompanying Notes to Financial Statements.

BENSON PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 777
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2024

	Scholarship Custodial Fund
ADDITIONS	
Gifts and Bequests	$ 32,660
Earnings on Investments	14,221
Total Additions	46,881
DEDUCTIONS	
Scholarships Awarded	38,925
Total Deductions	38,925
CHANGES IN NET POSITION	7,956
Net Position - Beginning of Year	335,013
NET POSITION - END OF YEAR	$ 342,969

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Independent School District No. 777 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. 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

The District is an instrumentality of the state of Minnesota established to function as an education institution. The elected School Board (the Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation (Continued)

The District applies restricted resources first when an expense is incurred for purpose for which both restricted and unrestricted net position is available. Depreciation/amortization expense that can be specifically identified by function are 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 interfund activity has been removed from the district-wide financial statements.

Separate fund financial statements are provided for governmental funds 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: private purpose trust, custodial, and postemployment benefits irrevocable trust. Since by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide statements.

D. Measurement Focus and Basis of Accounting

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

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

1. Revenue Recognition – Revenue is recognized when it becomes measurable and available. “Measurable” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end.

   State revenue is recognized in the year to which it applies according to Minnesota Statutes and the accounting principles generally accepted in the United States of America. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales, community education tuition, and other miscellaneous revenue (except investment earnings) are recorded as revenue when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A six-month availability period is generally used for other fund revenue.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

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

Description of Funds

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

Major Governmental Funds

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

Food Service Special Revenue Fund – The Food Service Fund is used to account for food service revenues and expenditures. Revenues for the Food Service Fund are generated from user fees, federal reimbursements and state aids.

Community Service Special Revenue Fund – The Community Service Fund is used to account for service provided to residents in the areas of recreation, civic activities, nonpublic pupils, veterans, adult or early childhood programs or other similar services. Revenues for the Community Service Fund are generated primarily from user fees, local property taxes and state credits.

Building Fund – The Building Fund is used to account for special capital projects that issued bonds to finance the project.

Debt Service Fund – The Debt Service Fund accounts for the accumulation of resources for and payment of general long-term obligation bond principal, interest, and related costs.

Fiduciary Fund

Scholarship Custodial Fund – The Custodial Fund accounts for assets held by the District in a trustee capacity for various annual scholarships that are awarded to students based on the requirements of the donor. The fund's resources, including principle and interest may be expended.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgeting

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

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

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

F. Cash and Investments

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

Investments are stated at their fair value as determined by quoted market prices, except for money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less which are recorded at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Money market investments are short-term, highly liquid debt instruments including commercial paper, banker's acceptances, and U.S. Treasury and agency obligations. Investments in external investment pools which meet the criteria included in GASB Statement No. 79 are measured at amortized cost.

G. Accounts Receivable

Represents amounts receivable from individuals, other governments, and firms. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary. The only receivable not expected to be collected within one year are current property taxes receivable.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Property Taxes

Property tax levies are established by the Board in December each year and are certified to the County for collection the following calendar year. In Minnesota, counties act as collection agents for all property taxes and are responsible for spreading all levies over taxable property. Such taxes become a lien on January 1. Taxes are generally due on May 15 and October 15 and counties generally remit taxes to the District at periodic intervals as they are collected. A portion of property taxes levied is paid through various state tax credits which are included in revenue from state sources in the financial statements.

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as a deferred inflow of resources (property taxes levied for subsequent year). The majority of District revenue in the General Fund (and to a lesser extent in the District's Community Service Special Revenue Fund) is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between taxes and state aids by the Legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the "tax shift."

In accordance with state law, the current tax shift consists of specific revenue to be advance recognized as revenue each year with no corresponding state aid adjustment. These portions of the District's 2023 pay 2024, normally revenue for the 2024-25 fiscal year, are advance recognized as June 30, 2024, as required by state statute to match revenue with the same fiscal year as the related expenditures.

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is deferred because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material. Current levies of local taxes, less the amount recognized as revenue in the current period, including portions assumed by the state which will be recognized as revenue in the next fiscal year beginning July 1, 2024, are included in "Property Taxes Levied for Subsequent Years" to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets

Capital assets are capitalized as historical cost or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The District capitalizes all at a threshold level of $10,000 for individual purchases and $50,000 for bulk purchases. 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 when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment.

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

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

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets. Useful lives vary from 3 to 6 years for SBITA assets.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period. The District will not recognize the related outflow until a future event occurs.

K. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are amortized over the life of the bonds using the straight line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

L. Accrued Employee Benefits

Vacation Pay

Certain employees are allowed to accrue vacation days at varying amounts each year and accumulate within limits. Vacation pay is charged to operations when taken by the employee of the District. Outstanding vacation pay is recorded as a liability in the district-wide financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Other Postemployment Benefits Liability

Under the terms of certain collectively bargained employment contracts, including the teachers' contract, the District is required to pay the health insurance premiums for retired employees until they reach the age of 65. For employees meeting certain length of service experience requirements, the amount to be paid is equal to the same insurance premium benefit as a full-time employee. See Note 9 for further information.

N. Deferred Inflows of Resources

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

O. 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 PERA and 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 refund are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. Unearned Revenue

Unearned revenues are those in which resources are received by the District before it has legal claim to them.

Q. Fund Balance

In the fund financial statements, governmental funds report nonspendable portions of fund balance related to prepaids, inventories, long term receivables, and corpus on any permanent fund. Nonspendable portions of fund balance are related to prepaid items. Restricted funds are constrained by outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the Board of Education.

The Board of Education passed a resolution authorizing the Superintendent and Board of Education to assign fund balances. Unassigned fund balances are considered the remaining amounts. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to use restricted first, then unrestricted fund balance.

When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the District's policy to use committed first, then assigned, and finally unassigned amounts.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Balance (Continued)

It is also the District's policy to strive to maintain a minimum unassigned general fund balance of 15% of the annual budget.

R. Net Position

Net position represents the difference between assets, deferred outflows of resources and liabilities and deferred inflows of resources in the district-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balance of any 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 its use through external restrictions impose by creditors, grantors, laws, or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted net position is available, it is the District's policy to use restricted first, then unrestricted net position.

S. Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reporting amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

A. Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following funds:

	Budget	Expenditures	Excess
General Fund	$ 11,221,116	$ 12,470,285	$ 1,249,169
Food Service Fund	689,654	758,422	68,768
Community Service Fund	1,134,212	1,256,076	121,864

These overages were considered by District management to be the result of necessary expenditures critical to operations.

NOTE 3 DEPOSIT AND INVESTMENTS

A. Deposits

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the Statement of Net Position and Balance Sheet as "Cash and Investments." In accordance with Minnesota Statutes the District maintains deposits at financial institutions which are authorized by the School District's Board.

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits. Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds. Authorized collateral includes: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letter of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust department of a commercial bank or other financial institution not owned or controlled by the depository.

The District's deposits in banks at June 30, 2024 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

The District may invest idle funds as authorized by Minnesota Statutes as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies.
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency and all of the investments have a final maturity of 13 months or less.
- General obligations rated “A” or better, revenue obligations rated “AA” or better.
- General obligations of the Minnesota Housing Finance Agency rate “A” or better.
- Bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System.
- Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies and maturing in 270 days or less.
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories.
- Repurchase or reverse purchase agreements and securities lending agreements financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

At June 30, 2024, the District had the following investments:

	Amount
MSDLAF+	$ 257
Money Market Accounts	3,357,585
U.S. Treasuries	3,801,341
Total Investments	$ 7,159,183

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The Minnesota School District Liquid Asset Fund Plus (MSDLAF+) is an external investment pool (Pool). The Pool is regulated by Minnesota statutes and is not registered with the Securities and Exchange Commission (SEC) as an investment company. MSDLAF+ MAX Class is managed to maintain a dollar-weighted average portfolio maturity of no greater than 60 days and seeks to maintain a constant net asset value (NAV) per share of $1.00. The Pool elects to measure its investments at amortized cost in accordance with accounting statements issued by the Governmental Accounting Standards Board. The MAX Class may not be redeemed for at least 14 days and a 24-hour hold is place options prior to 14 days may be subject to penalty.

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's policy is that the obligations at the time of purchase must be rated at the highest classification by at least two of the four standard rating services. The following chart summarizes year-end ratings for the District's investments as rated by Moody's Investors Service:

Type	Rating	12 Months or Less
MSDLAF+	AAAm	$ 257
Money Market Accounts	Not Rated	3,357,585
U.S. Treasuries	Aaa	3,801,341
Total Investments		$ 7,159,183

The District's deposits ($480,045) and investments ($7,159,183) are presented in the financial statements as follows:

Cash and Investments - Statement of Net Position	$ 7,296,259
Cash and Investments - Statement of Fiduciary Net Position	342,969
Total Cash and Investments	$ 7,639,228

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Fair Value Measurements

The District uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The District follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the District has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

Type	Level 1	Level 2	Level 3	Total
U.S. Treasuries	$ 3,801,341	$ -	$ -	$ 3,801,341
Total	$ 3,801,341	$ -	$ -	3,801,341
Investments at Amortized Cost				3,357,842
Total Investments				$ 7,159,183

NOTE 4 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Reclass	Ending Balance
Governmental Activities					
Capital Assets, Not Being Depreciated					
Land	$ 51,560	$ -	$ -	$ -	$ 51,560
Construction in Progress	384,714	1,113,410	(314,075)	-	1,184,049
Total Capital Assets, Not Being Depreciated	436,274	1,113,410	(314,075)	-	1,235,609
Capital Assets, Being Depreciated					
Land Improvements	2,945,723	552,812	-	-	3,498,535
Buildings and Improvements	40,291,764	213,644	-	-	40,505,408
Equipment	3,344,031	71,633	(193,823)	-	3,221,841
Total Capital Assets, Being Depreciated	46,581,518	838,089	(193,823)	-	47,225,784
Accumulated Depreciation for					
Land Improvements	(1,707,771)	(153,712)	-	966,104	(895,379)
Buildings and Improvements	(6,319,792)	(813,278)	-	(966,104)	(8,099,174)
Equipment	(2,161,230)	(180,113)	126,902	-	(2,214,441)
Total Accumulated Depreciation	(10,188,793)	(1,147,103)	126,902	-	(11,208,994)
Total Capital Assets, Being Depreciated, Net	36,392,725	(309,014)	(66,921)	-	36,016,790
Subscription Based Information Technology					
Subscription Asset	53,295	-	-	-	53,295
Less Accumulated Amortization					
Subscription Asset	(20,782)	(3,423)	-	-	(24,205)
Total Subscription Based Information Technology, Net	32,513	(3,423)	-	-	29,090
Governmental Activities Capital Assets, Net	$ 36,861,512	$ 800,973	$ (380,996)	$ -	$ 37,281,489

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

Governmental Activities	
Regular Instruction	$ 1,024,725
Vocational Education Instruction	2,442
Pupil Support Services	106,208
Special Education	115
Sites and Buildings	11,182
Community Service	5,854
Total Depreciation/Amortization Expense, Governmental Activities	$ 1,150,526

NOTE 5 LONG-TERM LIABILITIES

A. Components of Long-Term Liabilities

The District has issued general obligation school building bonds to finance the construction of capital facilities or refinance previous bond issues. Assets of the Debt Service Fund, together with scheduled future tax levies, are dedicated for the retirement of these bonds. These levies are subject to reduction if fund balance amounts exceed limitation imposed by Minnesota law.

Issue Date	Interest Rate	Original Issue	Final Maturity	Principal Outstanding Due Within One Year	Principal Outstanding Total
12/6/2018	3.75 - 5.00	$ 25,365,000	2/1/2039	$ 1,035,000	$ 21,225,000
11/14/2019	2.20 - 4.00	3,070,000	2/1/2035	190,000	2,440,000
7/1/2020	2.00 - 3.00	1,445,000	2/1/2036	85,000	1,185,000
12/2/2022	5.00	990,000	2/1/2030	130,000	890,000
Total General Obligation Bonds				1,440,000	25,740,000
Bond (Discounts) Premiums				-	884,607
Compensated Absences				-	35,181
Total				$ 1,440,000	$ 26,659,788

B. Minimum Debt Payments

Minimum annual principal and interest payments required to retire long-term debt, are as follows:

Year Ending June 30,	General Obligation Bonds Payable Principal	General Obligation Bonds Payable Interest
2025	$ 1,440,000	$ 986,701
2026	1,505,000	918,321
2027	1,585,000	846,821
2028	1,660,000	771,421
2029	1,735,000	693,371
2030 - 2034	8,885,000	2,558,756
2035 - 2039	8,930,000	981,134
Total	$ 25,740,000	$ 7,756,525

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt

General Obligation School Building Bonds

On December 6, 2018, the District issued $25,365,000 of General Obligation Bonds, Series 2018A for the acquisition and betterment of school sites and facilities in the District. The bonds are due in varying annual installments each February 1, from February 1, 2020 through February 1, 2039 with interest at a rate of 3.75% to 5.00% due semi-annually on February 1and August 1. Future ad valorem tax levies are dedicated to the retirement of these bonds.

On November 14, 2019, the District issued $3,070,000 of General Obligation Facilities Maintenance Bonds, Series 2019A for the acquisition and betterment of school sites and facilities in the District. The bonds are due in varying annual installments each February 1, from February 1, 2021 through February 1, 2035 with interest at a rate of 2.20% to 4.00% due semi-annually on February 1 and August 1. Future ad valorem tax levies are dedicated to the retirement of these bonds.

On July 1, 2020, the District issued $1,445,000 of General Obligation School Building Bonds, Series 2020A for the acquisition and betterment of school sites and facilities in the District. The bonds are due in varying annual installments each February 1, from February 1, 2022 through February 1, 2036 with interest at a rate of 2.00% to 3.00% due semi-annually on February 1 and August 1. Future ad valorem tax levies are dedicated to the retirement of these bonds.

On November 28, 2022, the District issued $990,000 of General Obligation School Building Bonds, Series 2022A for the acquisition and betterment of school sites and facilities in the District. The bonds are due in varying annual installments each February 1, from February 1, 2030 with interest at a rate of 5.00% due semi-annually on February 1 and August 1. Future ad valorem tax levies are dedicated to the retirement of these bonds.

D. Changes in Long-Term Debt

	Beginning Balance June 30, 2023	Additions	Retirements	June 30, 2024
Bonds Payable	$ 27,080,000	$ -	$ 1,340,000	$ 25,740,000
Bond (Discounts) Premiums	1,194,652	-	310,045	884,607
Compensated Absences	28,412	12,823	6,054	35,181
Total	$ 28,303,064	$ 12,823	$ 1,656,099	$ 26,659,788

NOTE 6 RESTRICTED FUND BALANCES

Fund Equity

Certain portions of fund balance are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties. The following is a summary of the restricted fund balances for the governmental funds.

A. Restricted for Safe Schools – Crime
Restriction for Safe Schools – crime represents available resources to be used only to provide for safe schools – crime projects.

B. Restricted for Early Childhood and Family Education Programs
The fund balance restriction represents accumulated resources available to provide services for early childhood family education programming.

C. Restricted for School Readiness
Represents the resources available to provide for School Readiness Program.

D. Restricted for Adult Basic Education
Represents available resources to be used for all activity involving Adult Basic Education.

E. Restricted for Gifted and Talented
Represents the amount restricted for gifted and talented children educational programs.

F. Restricted for Basic Skills
Represents available resources to be used for basic skills uses.

G. Restricted for Area Learning Center
Represents available resources for students attending area learning centers. Each district that sends students to an area learning center must restrict an amount equal to at least 90 percent of the district's average general education revenue, minus .0485 times the formula allowance (without the basic skills, transportation sparsity or transportation transition portions) per pupil unit times the number of pupil units attending area learning centers. The amount restricted may only be spent on program costs associated with the area learning center.

H. Restricted for Student Activities
Represents available resources to be used for extracurricular activity funds raised by students.

I. Restricted for Staff Development
Represents the cumulated amount of unspent staff development dollars.

J. Restricted for Levy Reduction
Represents remaining funds transferred from the Debt Service Fund after the debt was paid off. These funds become an available resource in the fiscal year in which the related tax levy adjustment is recognized as revenue.

NOTE 6 RESTRICTED FUND BALANCES (CONTINUED)

Fund Equity (Continued)

K. Restricted for Literacy Incentive Aid
Represents available resources to support implementation of evidence-based reading instruction.

L. Restricted for Student Support Personnel
Represents available resources to support implementation of evidence-based reading instruction.

M. Restricted for Medical Assistance
Represents available resources to be used for Medical Assistance expenditures.

N. Restricted for Other Purposes
The fund balance restriction represents amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Other Restricted:		
Restricted for Food Service	$	333,042
Restricted for Community Service		40,057
Restricted for Bond Payments		571,066
Restricted for Capital Projects		43,156
Total Other Restricted	$	987,321

NOTE 7 ASSIGNED FUND BALANCES

Other assigned fund balances are listed below:

Other Assigned:		
Assigned - Technology	$	51,310
Assigned - Concessions		18,793
Assigned - Prom		5,937
Assigned - Washington DC		1,660
Assigned - Renaissance		961
Assigned - Special Needs Fund		1,228
Assigned - Early Childhood Special Ed		31
Assigned - Elementary Bookathon		1,283
Assigned - Kindergarten Class		711
Assigned - 1st Grade Class		709
Assigned - 3rd Grade Class		821
Assigned - 4th Grade Class		339
Assigned - 5th Grade Class		3,429
Assigned - 6th Grade Class		3,871
Assigned - Elementary General		6,770
Assigned - Elementary Annuals		6,573
Total	$	104,426

NOTE 8 PENSION PLANS

A. Plan Description

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

1. General Employees Retirement Plan (General Employees Plan)

All full-time and certain part-time employees of the district, other than teachers are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Teachers Retirement Fund (TRA)

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

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

B. Benefits Provided

PERA and TRA provide 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.

NOTE 8 PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

1. General Employees Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

2. TRA Benefit

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.

NOTE 8 PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefit (Continued)

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

Tier 1	Step Rate Formula	Percentage
Basic	First Ten Years of Service	2.2% per Year
	All Years After	2.7% per Year
Coordinated	First Ten Years of Service are Up to July 1, 2006	1.2% per Year
	First Ten Years, If Service Years are July 1, 2006 or After	1.4% per Year
	All Other Years of Service If Service Years are Up to July 1, 2006	1.7% per Year
	All Other Years of Service If Service Years are July 1, 2006 or After	1.9% 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% per year early retirement reduction factor for all years under normal retirement age.

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

or

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

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

NOTE 8 PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefit (Continued)

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.

C. Contributions

1. General Employees Plan Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature. Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2024 and the District was required to contribute 7.50% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2024 were $224,465. The District's contributions were equal to the required contributions as set by state statute.

2. TRA Contributions

Per *Minnesota Statutes*, Chapter 354 rates for the fiscal year for coordinated were 7.75% for the employee and 8.75% for the employer. Basic rates were 11.25% for the employee and 12.75% for the employer. The District's contributions to TRA for the plan's fiscal year ended June 30, 2024 were $450,471. The District's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

1. General Employees Plan Pension Costs

At June 30, 2024, the District reported a liability of $2,001,896 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the District totaled $55,205 for a total net pension liability of $2,057,101 associated with the District.

NOTE 8 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employee Plan Pension Costs (Continued)

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 .0358% at the end of the measurement period and .0333% at the beginning of the period.

For the year ended June 30, 2024, the District recognized pension expense of $332,522 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional $248 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of $16 million to the General Employees Fund.

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 65,743	$ 13,791
Changes in Actuarial Assumptions	324,079	548,703
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	74,865
Changes in Proportion	199,451	10,644
District Contributions Subsequent to the Measurement Date	224,465	-
Total	$ 813,738	$ 648,003

The $224,465 reported as deferred outflows of resources related to pensions resulting from District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

NOTE 8 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employee Plan Pension Costs (Continued)

Year Ending June 30,	Pension Expense Amount
2025	$ 119,391
2026	(219,187)
2027	84,495
2028	(43,429)

2. TRA Pension Costs

At June 30, 2024, the District reported a liability of $6,208,681 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the state of Minnesota, City of Minneapolis, and Minneapolis School District. The District's proportionate share was .0752% at the end of the measurement period and 0.0751% at the beginning of the period.

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:

Description	Amount
District's Proportionate Share of the TRA Net Pension Liability	$ 6,208,681
State's Proportionate Share of TRA's Net Pension Liability Associated with the District	434,909
Total	$ 6,643,590

For the year ended June 30, 2024, the District recognized pension expense of ($266,393). It also recognized ($42,993) as an increase to pension expense and grant revenue for the support provided by direct aid.

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

NOTE 8 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 61,547	$ 90,391
Changes in Actuarial Assumptions	723,277	23,030
Net Difference Between Projected and Actual Investment Earnings	-	-
Changes in Proportion	311,723	357,199
District Contributions Subsequent to the Measurement Date	450,471	-
Total	$ 1,547,018	$ 470,620

$450,471 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 ending June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2025	$ (46,288)
2026	(83,755)
2027	764,468
2028	1,517
2025	(10,015)

3. Summary

The aggregate amount of net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense for the District's defined benefit pension plans are summarized below. These liabilities are typically liquidated by the individual activity in which the employee's costs are associated.

	General Employees Fund	Teachers Retirement Fund	Total
Net Pension Liability	$ 2,001,896	$ 6,208,681	$ 8,210,577
Deferred Outflows of Resources	813,738	1,547,018	2,360,756
Deferred Inflows of Resources	648,003	470,620	1,118,623
Pension Expense	332,770	(309,386)	23,384

NOTE 8 PENSION PLANS (CONTINUED)

E. Long-Term Expected Return on Investment

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	33.5 %	5.10%
International Stocks	16.5	5.30%
Private Markets	25.0	5.90%
Fixed Income	25.0	0.75%
Total	100.0 %	

The long-term expected rate of return on TRA pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce 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 Stocks	33.5 %	5.10%
International Stocks	16.5	5.30%
Private Markets	25.0	5.90%
Fixed Income	25.0	0.75%
Total	100.0 %	

NOTE 8 PENSION PLANS (CONTINUED)

F. Actuarial Methods and Assumptions

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

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

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

TRA pre-retirement mortality rates were based on the RP-2014 white collar employee table, male rates set back 5 years and female rates set back 7 years. Generational projection uses the MP-2015 scale. Post-retirement mortality rates were based on the RP-2014 white collar annuitant table, male rates set back 3 years and female rates set back 3 years, with further adjustments of the rates. Generational projection uses the MP-2015 scale. Post-disability mortality rates were based on the RP-2014 disabled retiree mortality table, without adjustment. TRA cost of living benefit increases 1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

Inflation is assumed to be 2.5% for TRA. Benefit increases after retirement are assumed to be 1.0% for January 2019 through January 2023 then increasing by 0.10% each year up to 1.5% annually.

Salary growth assumptions for TRA range in annual increments from 2.85% to 8.85% before July 1, 2028 and 3.25% to 9.25% after June 30, 2028.

NOTE 8 PENSION PLANS (CONTINUED)

F. Actuarial Methods and Assumptions (Continued)

The following changes in actuarial assumption for PERA occurred in 2023:

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.5% to 7.00%.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of $170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, noncompounding 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.

The following changes in actuarial assumption for TRA occurred in 2023:

- There have been no changes since the prior valuation.

G. Discount Rates

The discount rate used to measure the total pension liability in 2023 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees, Police and Fire and Correctional Plans 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.

The discount rate used to measure the total pension liability was 7%. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2023 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

NOTE 8 PENSION PLANS (CONTINUED)

H. Pension Liability Sensitivity

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

	PERA		TRA	
1% Lower	6.00%	$ 3,541,515	6.00%	$ 9,902,389
Current Discount Rate	7.00%	2,001,896	7.00%	6,208,681
1% Higher	8.00%	735,501	8.00%	3,184,931

I. Pension Plan Fiduciary Net Position

Detailed information about General Employees Plan's fiduciary's net position is available in a separately-issued PERA financial report. That report may be obtained on the Internet at www.mnpera.org.

Detailed information about TRA'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 #400, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-2409 or 1-800-657-3669.

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN

A. Plan Description

The District operates a single-employer retiree benefit plan (the Plan) that provides health and dental insurance to eligible employees and their spouses through the District's health insurance plan. There are 147 active participants, 10 retired participants, and 3 spouses receiving payments. Benefit and eligibility provisions are established through negotiations between the District and various unions representing District employees and are negotiated each two-year bargaining period. The Plan does not issue a publicly available financial report.

B. Funding Policy

The District does not have assets accumulated in a trust to pay for OPEB related costs. Contribution requirements are negotiated between the District and union representatives. The eligibility for, amount of, duration, of and District's contribution to the cost of the benefits provided varies by contract and date of retirement. The District is funding this liability on a pay-as-you-go basis. For fiscal year 2024, the District contributed $67,646 to the plan.

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

C. Actuarial Methods and Assumptions

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

The total OPEB liability was determined by an actuarial valuation as of July 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	Service graded table
Health Care Trend Rates	6.50% decreasing to 5.00% over 5 years and then to 4.00% over 48 years

Mortality Rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2021 Generational Improvement Scale.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2022 to June 30, 2023.

The discount rate used to measure the total OPEB liability was 3.90%. The discount rate is based on the estimated yield of a 20-year Municipal Bond Yield.

Since the most recent valuation the following assumption changes have been made:

- 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-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The discount rate was changed from 3.80% to 3.90%.

Since the most recent valuation, the following Plan change was made for the measurement date July 1, 2023:

- None noted.

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

D. Changes in the OPEB Liability

Balances - June 30, 2023	$ 574,172
Changes for the Year:	
Service Cost	22,725
Interest	21,499
Differences Between Expected and Actual Experience	(79,392)
Changes in Assumptions	4,988
Benefit Payments	(62,836)
Net Changes	(93,016)
Balances - June 30, 2024	$ 481,156

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

	1% Decrease (2.9%)	Discount Rate (3.9%)	1% Increase (4.9%)
OPEB Liability	$ 499,751	$ 481,156	$ 462,927

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

	1% Decrease (5.50% Decreasing to 4.00% then 3.00%)	Current Trend Rates (6.50% Decreasing to 5.00% then 4.00%)	1% Increase (7.50% Decreasing to 6.00% then 5.00%)
OPEB Liability	$ 454,486	$ 481,156	$ 511,875

For June 30, 2024, the District reported its proportionate share of the OPEB's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Liability	$ -	$ 101,154
Change in Assumptions	13,708	20,471
District Contributions Subsequent to the Measurement Date	67,646	-
Total	$ 81,354	$ 121,625

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

D. Changes in the OPEB Liability (Continued)

The $67,646 reported as deferred outflows of resources related to OPEB resulting from District contributions to OPEB subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	OPEB Expense
2025	$ (27,488)
2026	(30,215)
2027	(30,217)
2028	(19,997)
Total	$ (107,917)

For the year ended June 30, 2024, the District recognized OPEB expense of $1,121.

NOTE 10 COMMITMENTS AND CONTINGENCIES

Federal and State Receivables

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

NOTE 11 RISK MANAGEMENT

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

The District continues to carry commercial insurance for all other risk of loss. There has been no significant reduction in insurance coverage from the previous year in any of the District's policies. In addition, there have been no settlements in excess of the District's insurance coverage in any of the prior three years.

NOTE 12 DEFINED CONTRIBUTION PLAN

The District provides eligible employees future retirement benefits through the District's 403(b) Plan (the Plan). Employees of the District are eligible to participate in the Plan commencing on the date of their employment. Eligible employees may elect to have a percentage of their pay contributed to the Plan. Some employees are eligible to receive a District match of employee contributions up to the qualifying amounts set forth in their respective collective bargaining agreements. Contributions are invested in tax-deferred annuities selected and owned by Plan participants. The District contributions for the year ended June 30, 2024 was $57,014.

NOTE 13 RESTATEMENT

During the current year, it was determined that there was one overstatement and one understatement of net position on the June 30, 2023 due to errors. Therefore, to correct these errors, the beginning net position was restated by $497,691. The errors in cumulative deferred inflows of resources and deferred outflows of resources related to pensions was caused by incorrect calculation and amortization of these amounts to pension expense.

The impact of the errors on the prior year's change in net position has not been determined.

The following table summarizes the breakdown of the current year restatement related to prior period adjustments.

	Governmental Activities
Net Position - Beginning of Year, as Previously Reported	$ 5,350,851
Prior Period Adjustments:	
Deferred Inflows - Pensions	2,187,396
Deferred Outflows - Pensions	(1,689,705)
Net Position - Beginning of Year, as Restated	$ 5,848,542

NOTE 14 CHANGES TO OR WITHIN FINANCIAL REPORTING ENTITY

Change in Fund Presentation from Nonmajor to Major

The Food Service Fund and Community Service Fund previously met the criteria to be reported as nonmajor governmental funds. However, effective July 1, 2023, the funds no longer met the criteria to be reported as nonmajor funds and are reported as major governmental funds for the fiscal year ended June 30, 2024. The effect of that change to or within the financial reporting entity is shown in the table below:

	Funds		
	Nonmajor Funds	Food Service	Community Service
June 30, 2023, As Previously Reported	$ 702,360	$ -	$ -
Change in Fund Presentation from Nonmajor to Major	(702,360)	347,492	354,868
June 30, 2023, As Adjusted	$ -	$ 347,492	$ 354,868

OTHER REQUIRED SUPPLEMENTARY INFORMATION

BENSON PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 777
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Over (Under) Final
	Original	Final	Amounts	Budget
REVENUES				
Local Sources:				
Property Taxes	$ 1,390,430	$ 1,374,230	$ 1,607,152	$ 232,922
Earnings on Investments	2,500	175,000	172,551	(2,449)
Other	449,106	415,276	658,831	243,555
State Sources	9,185,429	9,195,029	9,452,680	257,651
Federal Sources	332,510	312,510	375,593	63,083
Total Revenues	11,359,975	11,472,045	12,266,807	794,762
EXPENDITURES				
Current:				
Administration	793,158	833,637	870,744	37,107
District Support Services	434,267	410,722	395,775	(14,947)
Regular Instruction	5,082,757	5,065,257	5,785,467	720,210
Vocational Education Instruction	399,212	350,560	293,279	(57,281)
Special Education Instruction	1,796,966	1,902,723	2,033,731	131,008
Instructional Support Services	181,489	196,489	213,504	17,015
Pupil Support Services	741,567	755,498	881,878	126,380
Sites and Buildings	1,015,461	1,033,801	1,033,741	(60)
Fiscal and Other Fixed Cost Programs	66,978	100,014	84,418	(15,596)
Capital Outlay	583,340	572,415	877,748	305,333
Total Expenditures	11,095,195	11,221,116	12,470,285	1,249,169
EXCESS OF REVENUES OVER EXPENDITURES	264,780	250,929	(203,478)	(454,407)
OTHER FINANCING SOURCES				
Insurance Proceeds	-	-	323	323
Total Other Financing Sources	-	-	323	323
NET CHANGE IN FUND BALANCE	$ 264,780	$ 250,929	(203,155)	$ (454,084)
Fund Balance - Beginning of Year			3,724,808	
FUND BALANCE - END OF YEAR			$ 3,521,653	

See accompanying Notes to Required Supplementary Information.

BENSON PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 777
BUDGETARY COMPARISON SCHEDULE – FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Over (Under) Final
	Original	Final	Amounts	Budget
REVENUES				
Local Sources:				
Other - Primarily Meal Sales	$ 232,076	$ 57,416	$ 60,495	$ 3,079
Earnings on Investments	1,020	5,000	16,978	11,978
State Sources	36,720	213,530	223,287	9,757
Federal Sources	392,700	379,340	465,965	86,625
Total Revenues	662,516	655,286	766,725	111,439
EXPENDITURES				
Current:				
Food Service	726,579	659,654	758,422	98,768
Capital Outlay	30,000	30,000	-	(30,000)
Total Expenditures	756,579	689,654	758,422	68,768
NET CHANGE IN FUND BALANCE	$ (94,063)	$ (34,368)	8,303	$ 42,671
Fund Balance - Beginning of Year			347,492	
FUND BALANCE - END OF YEAR			$ 355,795	

See accompanying Notes to Required Supplementary Information.

BENSON PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 777
BUDGETARY COMPARISON SCHEDULE – COMMUNITY SERVICE FUND
YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Over (Under) Final
	Original	Final	Amounts	Budget
REVENUES				
Local Sources:				
Property Taxes	$ 90,710	$ 90,710	$ 91,558	$ 848
Earnings on Investments	-	10,000	30,593	20,593
Other - Primarily Tuition and Fees	722,624	842,624	909,746	67,122
State Sources	95,962	95,962	107,505	11,543
Total Revenues	909,296	1,039,296	1,139,402	100,106
EXPENDITURES				
Current:				
Community Service	998,862	1,112,112	1,245,423	133,311
Capital Outlay	22,100	22,100	10,653	(11,447)
Total Expenditures	1,020,962	1,134,212	1,256,076	121,864
NET CHANGE IN FUND BALANCE	$ (111,666)	$ (94,916)	(116,674)	$ (21,758)
Fund Balance - Beginning of Year			354,868	
FUND BALANCE - END OF YEAR			$ 238,194	

See accompanying Notes to Required Supplementary Information.

BENSON PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 777
SCHEDULE OF CHANGES IN THE DISTRICT'S OPEB LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30, 2024

Measurement Date	2024	2023	2022
Total OPEB Liability			
Service Cost	$ 22,725	$ 27,383	$ 32,174
Interest	21,499	12,107	13,157
Differences Between Expected and Actual Experience	(79,392)	-	(75,282)
Assumption Changes	4,988	(30,707)	13,984
Plan Changes	-	47,525	105,998
Benefit Payments	(62,836)	(62,205)	(51,723)
Net Change in Total OPEB Liability	(93,016)	(5,897)	38,308
Total OPEB Liability - Beginning	574,172	580,069	541,761
Total OPEB Liability - Ending (a)	$ 481,156	$ 574,172	$ 580,069
Covered-Employee Payroll	$ 7,025,135	$ 6,702,933	$ 6,507,702
District's Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll	6.85%	8.57%	8.91%

Note 1: The District implemented GASB Statement No. 75 in fiscal year 2018 and the above table will be expanded to 10 years of information as the information becomes available.

Note 2: No assets are accumulated in a trust.

See accompanying Notes to Required Supplementary Information.

BENSON PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 777
SCHEDULE OF CHANGES IN THE DISTRICT'S OPEB LIABILITY AND RELATED RATIOS
(CONTINUED)
YEAR ENDED JUNE 30, 2024

2021	2020	2019	2018
$ 29,854	$ 26,282	$ 29,700	$ 28,835
16,530	17,687	16,794	15,756
-	(74,338)	-	-
13,643	(3,763)	-	-
-	75,633	-	-
(42,943)	(21,290)	(12,424)	(17,426)
17,084	20,211	34,070	27,165
524,677	504,466	470,396	443,231
$ 541,761	$ 524,677	$ 504,466	$ 470,396
$ 5,954,585	$ 5,781,150	$ 6,205,519	$ 6,205,519
9.10%	9.08%	8.13%	7.58%

See accompanying Notes to Required Supplementary Information.

BENSON PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 777
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
YEAR ENDED JUNE 30, 2024

	Measurement Date June 30, 2023	Measurement Date June 30, 2022	Measurement Date June 30, 2021	Measurement Date June 30, 2020	Measurement Date June 30, 2019
General Employees Fund					
District's Proportion of the Net Pension Liability	0.0358%	0.0333%	0.0302%	0.0309%	0.0333%
District's Proportionate Share of the Net Pension Liability	$ 2,001,896	$ 2,637,371	$ 1,289,675	$ 1,852,596	$ 1,841,082
State's Proportionate Share of the Net Pension Liability Associated with District	55,205	77,148	39,356	57,033	57,331
Total of District's and State's Proportionate Share of the Net Pension Liability	2,057,101	2,714,519	1,329,031	1,909,629	1,898,413
District's Employee Payroll	2,491,053	2,171,760	2,201,547	2,359,520	2,353,533
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Employee Payroll	80.36%	121.44%	58.58%	78.52%	78.23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.10%	76.70%	87.00%	79.06%	80.20%
TRA					
District's Proportion of the Net Pension Liability	0.0752%	0.0751%	0.0707%	0.0718%	0.0787%
District's Proportionate Share of the Net Pension Liability	$ 6,208,681	$ 6,013,611	$ 3,094,043	$ 5,304,680	$ 5,016,355
State's Proportionate Share of the Net Pension Liability Associated with District	434,909	446,132	261,075	444,450	444,115
Total Proportionate Share of the Net Pension Liability Associated with District	6,643,590	6,459,743	3,355,118	5,749,130	5,460,470
District's Payroll	4,525,193	4,125,887	4,064,588	4,351,187	4,448,962
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Payroll	137.20%	145.75%	76.12%	121.91%	112.75%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.42%	76.17%	86.63%	75.48%	78.07%

See accompanying Notes to Required Supplementary Information.

BENSON PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 777
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
(CONTINUED)
YEAR ENDED JUNE 30, 2024

Measurement Date June 30, 2018	Measurement Date June 30, 2017	Measurement Date June 30, 2016	Measurement Date June 30, 2015	Measurement Date June 30, 2014
0.0309%	0.0275%	0.0271%	0.2640%	0.0282%
$ 1,714,205	$ 1,755,582	$ 2,200,386	$ 1,368,186	$ 1,535,229
56,205	22,044	28,681	-	-
1,770,410	1,777,626	2,229,067	1,368,186	1,535,229
2,075,413	1,756,333	1,707,960	1,561,200	1,575,794
82.60%	99.96%	128.83%	87.64%	97.43%
79.53%	75.90%	68.91%	78.20%	78.70%
0.0828%	0.0809%	0.0704%	0.0794%	0.0887%
$ 5,200,615	$ 16,149,108	$ 16,792,080	$ 4,911,675	$ 4,087,232
488,725	1,560,724	1,686,219	602,199	287,410
5,689,340	17,709,832	18,478,299	5,513,874	4,374,642
4,598,027	4,348,387	4,107,293	4,041,880	4,100,864
113.11%	371.38%	408.84%	121.52%	99.67%
78.07%	51.57%	44.88%	76.80%	81.50%

See accompanying Notes to Required Supplementary Information.

BENSON PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 777
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
YEAR ENDED JUNE 30, 2024

	2024	2023	2022	2021	2020
General Employees Fund					
Contractually Required Contribution	$ 224,465	$ 186,829	$ 162,882	$ 165,116	$ 176,964
Contributions in Relation to the Contractually Required Contribution	(224,465)	(186,829)	(225,139)	(165,116)	(176,964)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
District's Payroll	$ 2,992,867	$ 2,491,053	$ 2,171,760	$ 2,201,547	$ 2,359,520
Contributions as a Percentage of Employee Payroll	7.50%	7.50%	7.50%	7.50%	7.50%
TRA					
Contractually Required Contribution	$ 450,471	$ 386,904	$ 344,099	$ 330,451	$ 344,614
Contributions in Relation to the Contractually Required Contribution	(450,471)	(386,904)	(606,411)	(330,451)	(344,614)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
District's Payroll	$ 5,148,240	$ 4,525,193	$ 4,125,887	$ 4,064,588	$ 4,351,187
Contributions as a Percentage of Employee Payroll	8.75%	8.55%	8.34%	8.13%	7.92%

See accompanying Notes to Required Supplementary Information.

BENSON PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 777
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS (CONTINUED)
YEAR ENDED JUNE 30, 2024

2019	2018	2017	2016	2015
$ 176,515	$ 155,656	$ 131,725	$ 128,097	$ 117,090
(176,515)	(155,656)	(131,725)	(128,097)	(117,090)
$ -	$ -	$ -	$ -	$ -
$ 2,353,533	$ 2,075,413	$ 1,756,333	$ 1,707,960	$ 1,561,200
7.50%	7.50%	7.50%	7.50%	7.50%
$ 343,015	$ 344,852	$ 326,129	$ 308,047	$ 303,141
(343,015)	(344,852)	(326,129)	(308,047)	(452,194)
$ -	$ -	$ -	$ -	$ -
$ 4,448,962	$ 4,598,027	$ 4,348,387	$ 4,107,293	$ 4,041,880
7.71%	7.50%	7.50%	7.50%	7.50%

See accompanying Notes to Required Supplementary Information.

NOTE 1 LEGAL COMPLIANCE – BUDGETS

The budget and the actual amounts are both prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

In the following fund, expenditures exceeded the appropriations during the year ended June 30, 2024:

	Budget	Expenditures	Excess
General Fund	$ 11,221,116	$ 12,470,285	$ 1,249,169
Food Service Fund	689,654	758,422	68,768
Community Service Fund	1,134,212	1,256,076	121,864

The overage above was considered by District management to be the result of necessary expenditures critical to operations.

NOTE 2 CHANGES IN SIGNIFICANT OTHER POSTEMPLOYMENT BENEFITS PLAN PROVISION, ACTUARIAL METHODS, AND ASSUMPTIONS

Since the most recent GASB 75 valuation, the following changes have been made:

2024

- 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-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The discount rate was changed from 3.80% to 3.90%.

2023

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

NOTE 2 CHANGES IN SIGNIFICANT OTHER POSTEMPLOYMENT BENEFITS PLAN PROVISION, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2022

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

2021

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

2020

- The health care trend rates, mortality tables, and salary increase rates were updated.
- The discount rate was changed from 3.4% to 3.1%.

2019

- None noted

2018

- None noted

NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended June 30:

2023

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- An additional one-time direct state aid contribution of $170.1 million will be contributed to the Plan on October 1, 2023.

NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2023 (Continued)

Changes in Plan Provisions (Continued)

- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, noncompounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump-sum for calendar year 2024 by March 31, 2024.

2022

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2021

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 Scales MP-2020.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.

NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2020 (Continued)

Changes in Actuarial Assumptions (Continued)

- 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 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, decreased 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 in Actuarial Assumption

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed postretirement benefit increase was changed from 1.0% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2018 (Continued)

Changes in Plan Provisions

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

2017

Changes in Actuarial Assumption

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

NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2016

Changes in Actuarial Assumptions

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

Changes in Actuarial Plan Provisions

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employee 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.

The following changes were reflected in the valuation performed on behalf of the Teachers Retirement Association for the year ended June 30:

2023

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2022

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2021

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020

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 5 years and female rates set back 7 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.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2018

Changes in Actuarial Assumptions

- The investment return assumption was changed from 8.5% to 7.5%.
- The price inflation assumption was lowered from 3.0% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The wage inflation assumption (above price inflation) was reduced from 0.75% to 0.35% for the next 10 years, and 0.75% thereafter.
- The total salary increase assumption was adjusted by the wage inflation change.
- The amortization date for the funding of the Unfunded Actuarial Accrual Liability (UAAL) was reset to June 30, 2048 (30 years).
- The mechanism in the law that provided the TRA Board with some authority is set contribution rates was eliminated.

Changes in Plan Provisions

- 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 4 years, (7.92% in 2019, 8.13% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2017

Changes in Actuarial Assumptions

- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- Adjustment were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the nonvested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The COLA was not assumed to increase to 2.5% but remain at 2.0% for all future years.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for 10 years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016

Changes in Actuarial Assumptions

- The cost of living adjustment was not assumed to increase (it remained at 2.0% for all future years).
- The price inflation assumption was lowered from 3.0% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes at some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back 6 years, and female rates set back five years. Generational projection uses the MP-2015 scale.
- The postretirement mortality assumption was changed to the RP-2014 while collar annuitant table, male rates set back 3 years and female rates set back 3 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 adjustments.

NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2016 (Continued)

Changes in Actuarial Assumptions (Continued)

- Separate retirement assumptions for members hired before or after July 1, 1989 were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional forms of payment at retirement were made.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions

- The cost of living adjustment was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2037.
- The investment return assumption was changed from 8.25% to 8.0%.

Changes in Plan Provisions

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

2014

Changes in Actuarial Assumptions

- The cost of living adjustment was assumed to increase from 2.0% annually to 2.5% annually once the legally specified criteria was met. This was estimated to occur July 1, 2031.

Changes in Plan Provisions

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

SUPPLEMENTARY INFORMATION

BENSON PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 777
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
YEAR ENDED JUNE 30, 2024

		Audit	UFARS	Audit-UFARS
01 GENERAL FUND				
Total Revenues		$ 12,266,807	$ 12,266,807	$ -
Total Expenditures		$ 12,470,285	$ 12,470,281	$ 4
Non Spendable:				
460 Non Spendable Fund Balance		$ 54,079	$ 54,079	$ -
Restricted/Reserved:				
401 Student Activities		$ 75,623	$ 75,622	$ 1
402 Scholarships		$ -	$ -	$ -
403 Staff Development		$ 121,887	$ 121,887	$ -
407 Capital Project Levy		$ -	$ -	$ -
408 Cooperative Programs		$ -	$ -	$ -
412 Literacy Incentive Aid		$ 32,540	$ 32,540	$ -
413 Projects Funded by COP/LP		$ -	$ -	$ -
414 Operating Debt		$ -	$ -	$ -
416 Levy Reduction		$ 68,382	$ 68,382	$ -
417 Excess Taconite Building Maint. F		$ -	$ -	$ -
423 Certain Teacher Programs		$ -	$ -	$ -
424 Operating Capital		$ -	$ -	$ -
426 $25 Taconite		$ -	$ -	$ -
427 Disabled Accessibility		$ -	$ -	$ -
428 Learning & Development		$ -	$ -	$ -
434 Area Learning Center		$ 1,238	$ 1,238	$ -
435 Contracted Alt. Programs		$ -	$ -	$ -
436 St. Approved Alt. Prog.		$ -	$ -	$ -
438 Gifted & Talented		$ 80	$ 80	$ -
440 Teacher Development & Eval		$ -	$ -	$ -
441 Basic Skills		$ 112,661	$ 112,660	$ 1
443 School Library Aid		$ -	$ -	$ -
448 Achievement and Integration		$ -	$ -	$ -
449 Safe Schools Levy		$ 11,675	$ 11,675	$ -
450 Pre-Kindergarten		$ -	$ -	$ -
467 LTFM	*	$ (166,738)	$ (166,738)	$ -
471 Student Support Personnel		$ 4,000	$ 4,000	$ -
472 Medical Assistance		$ 8,718	$ 8,718	$ -
Restricted:				
464 Restricted Fund Balance		$ -	$ -	$ -
Committed				
418 Committed for Separation		$ -	$ -	$ -
461 Committed Fund Balance		$ 1,605,724	$ 1,605,724	$ -
Assigned:				$ -
462 Assigned Fund Balance		$ 104,426	$ 104,425	$ 1
Unassigned			.	
422 Unassigned	*	$ 1,487,358	$ 1,487,364	$ (6)
02 FOOD SERVICE				
Total Revenues		$ 766,725	$ 766,725	$ -
Total Expenditures		$ 758,422	$ 758,423	$ (1)
Non Spendable:			.	
460 Non Spendable Fund Balance		$ 22,753	$ 22,753	$ -
Restricted:				
452 OPEB Liab Not In Trust		$ -	$ -	$ -
464 Restricted Fund Balance		$ 333,042	$ 333,041	$ 1
Unassigned:				
463 Unassigned		$ -	$ -	$ -
04 COMMUNITY SERVICE				
Total Revenues		$ 1,139,402	$ 1,139,400	$ 2
Total Expenditures		$ 1,256,076	$ 1,256,072	$ 4
Restricted/Reserved:				
426 $25 Taconite		$ -	$ -	$ -
431 Community Education	*	$ (122,408)	$ (122,409)	$ 1
432 E.C.F.E.		$ 154,511	$ 154,511	$ -
444 School Readiness		$ 42,975	$ 42,975	$ -
447 Adult Basic Education		$ 651	$ 651	$ -
452 OPEB Liab. Not in Trust		$ -	$ -	$ -
Restricted:				
464 Restricted Fund Balance	*	$ 162,465	$ 162,467	$ (2)
Unassigned:				
463 Unassigned Fund Balance		$ -	$ -	$ -

	Audit	UFARS	Audit-UFARS
06 BUILDING CONSTRUCTION			
Total Revenues	$ 57,877	$ 57,877	$ -
Total Expenditures	$ 1,058,410	$ 1,058,410	$ -
Non Spendable			
460 Non Spendable Fund Bala	$ -	$ -	$ -
Restricted/Reserved:			
407 Capital Projects Levy	$ -	$ -	$ -
409 Alternative Fac. Program	$ -	$ -	$ -
467 LTFM	$ -	$ -	$ -
Restricted:			
464 Restricted Fund Balance	$ 43,156	$ 43,156	$ -
Unassigned:			
463 Unassigned Fund Balance	$ -	$ -	$ -
07 DEBT SERVICE			
Total Revenues	$ 2,517,873	$ 2,517,873	$ -
Total Expenditures	$ 2,399,660	$ 2,399,659	$ 1
Non Spendable:			
460 Non Spendable Fund Bala	$ -	$ -	$ -
Restricted/Reserved:			
425 Bond Refundings	$ -	$ -	$ -
451 QZAB Payments	$ -	$ -	$ -
Restricted:			
464 Restricted Fund Balance	$ 571,066	$ 571,067	$ (1)
Unassigned:			
463 Unassigned Fund Balance	$ -	$ -	$ -
08 TRUST			
Total Revenues	$ 46,881	$ 46,881	$ -
Total Expenditures	$ 38,925	$ 38,925	$ -
401 Student Activities	$ -	$ -	$ -
402 Scholarships	$ 342,969	$ 342,969	$ -
422 Net Assets	$ -	$ -	$ -
20 INTERNAL SERVICE			
Total Revenues	$ -	$ -	$ -
Total Expenditures	$ -	$ -	$ -
422 Net Assets	$ -	$ -	$ -
25 OPEB REVOCABLE TRUST			
Total Revenues	$ -	$ -	$ -
Total Expenditures	$ -	$ -	$ -
422 Net Assets	$ -	$ -	$ -
45 OPEB IRREVOCABLE TRUST			
Total Revenues	$ -	$ -	$ -
Total Expenditures	$ -	$ -	$ -
422 Net Assets	$ -	$ -	$ -
47 OPEB DEBT SERVICE			
Total Revenues	$ -	$ -	$ -
Total Expenditures	$ -	$ -	$ -
Non Spendable:			
460 Non Spendable Fund Bala	$ -	$ -	$ -
Restricted:			
425 Bond Refundings	$ -	$ -	$ -
464 Restricted Fund Balance	$ -	$ -	$ -
Unassigned:			
463 Unassigned Fund Balance	$ -	$ -	$ -

* Amounts differ from those reported on the fund level balance sheet due to the need to reclassify negative restricted fund balance to unassigned fund balance.



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