INDEPENDENT SCHOOL DISTRICT #203
HAYFIELD, MINNESOTA

FINANCIAL STATEMENTS

JUNE 30, 2024

INDEPENDENT SCHOOL DISTRICT #203
HAYFIELD, MINNESOTA
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HAYFIELD, MINNESOTA
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INDEPENDENT SCHOOL DISTRICT #203
HAYFIELD, MINNESOTA

INTRODUCTORY SECTION

JUNE 30, 2024

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INDEPENDENT SCHOOL DISTRICT #203
HAYFIELD, MINNESOTA
BOARD OF EDUCATION AND ADMINISTRATION
JUNE 30, 2024

2023 - 2024

		Term Expires
Patrick Towey, Jr.	Chairperson	12/31/2024
Kathy Hegna-Zelinske	Vice-Chairperson	12/31/2024
Justin Holtan	Treasurer	12/31/2024
Chad O'Conner	Clerk	12/31/2026
Tyler Anderson	Director	12/31/2026
Curt Heydt	Director	12/31/2026
Heather Swygman	Director	12/31/2024

Superintendent

Gregg Slaathaug

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INDEPENDENT SCHOOL DISTRICT #203
HAYFIELD, MINNESOTA

FINANCIAL SECTION

JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Independent School District #203
Hayfield, 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 the Independent School District #203, Hayfield, Minnesota, as of and for the year ended June 30, 2024, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, and Uniform Financial Accounting and Reporting Standards Compliance Table are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Supplementary Information (Continued)

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, Uniform Financial Accounting and Reporting Standards Compliance Table, and are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Summarized Comparative Information

The financial statements include partial year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statement for the year ended June 30, 2023, from which such partial information was derived.

We have previously audited the District's 2023 financial statements and our report, dated November 29, 2023, expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued a report dated November 15, 2024 on our consideration of the District's internal control over financial reporting and 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 internal control over financial reporting and 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.

Smith, Schafer and Associates, Ltd.

Rochester, Minnesota
November 15, 2024

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INDEPENDENT SCHOOL DISTRICT #203
HAYFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Independent School District #203 – Hayfield Schools' annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2024. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

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

- The total assets and deferred outflows are $38,574,153.
- Overall revenues for the General Fund were $9,943,947 while overall expenditures totaled $10,088,379.
- The General Fund Unassigned Fund Balance is $1,254,451. This represents an increase of $97,241 from last fiscal year. The Restricted General Fund balances included State required reserves for operating capital, gifted and talented, and other items. These balances total $1,549,983 as compared to $1,752,156 last fiscal year.
- The General Fund total fund balance decreased by $140,972 from the prior year. This fund decreased due to spending restricted fund balance dollars.
- In November 2021 the voters approved a $862.26 per pupil unit plus inflation authority. The voter approved authority is unaffected by the actual annual inflation rate nor is subject to a reduction for the Local Optional Revenue levy, which is in the amount of $424, thus the districts combined levy authority is $1,286.26. The additional funding will help to maintain programs in the District and pay for general operating expenses.

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 other required reports. 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 funds 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. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

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.

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 and deferred outflows and liabilities and deferred inflows – are 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 non-financial 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 elementary and secondary regular instruction, 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 (i.e. scholarship trust fund).

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The District has two kinds 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 following the governmental funds statements that explains the relationship (or difference) between them.

- ***Fiduciary funds.*** The District is the trustee, or fiduciary, for assets that belong to others, such as the custodial fund consisting of the scholarship 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. The District's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The district's combined net position from Governmental activities was $6,715,916 on June 30, 2024. This was an decrease of $44,754 from the prior year primarily due to the effect of accounting for net position under full accrual accounting and change in net pension.

	Total	
	2024	2023
Assets		
Current and other assets	$ 12,160,223	$ 11,269,963
Capital assets	24,728,848	25,916,293
Total assets	36,889,071	37,186,256
Deferred Outflows of Resources		
Total deferred outflows of resources	1,685,082	2,080,492
Liabilities		
Current liabilities	665,399	435,070
Long-Term liabilities	27,589,185	28,348,177
Total liabilities	28,254,584	28,783,247
Deferred Inflows of Resources		
Total deferred inflows of resources	3,603,653	3,722,831
Net Position		
Net investment in capital assets	3,716,512	4,333,735
Restricted	6,001,937	6,138,624
Unrestricted	(3,002,533)	(3,711,689)
Total net position	$ 6,715,916	$ 6,760,670

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

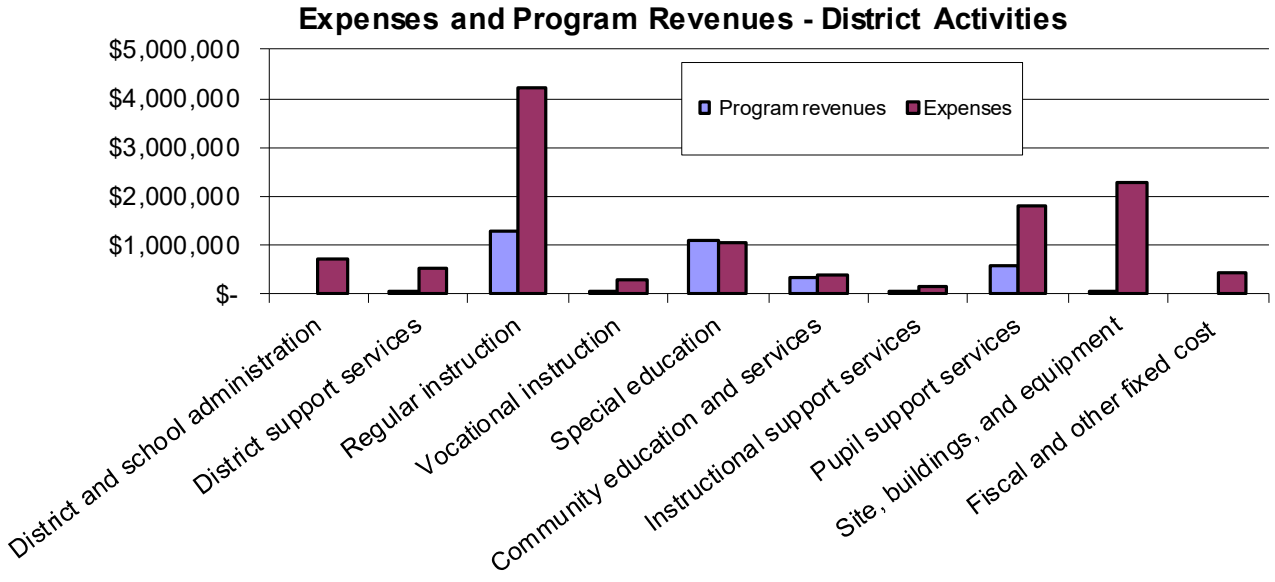
District's Revenue. The District's total revenues were $11,891,885 for the year ended June 30, 2024; compared to $11,949,018 for the year ended June 30, 2023. State sources accounted for 50% (compared to 51% the previous year) of the total revenue. Local property taxes (levies) accounted for 19% percent (compared to 20% the previous year) of the total revenue, with the remaining revenue coming from other sources.

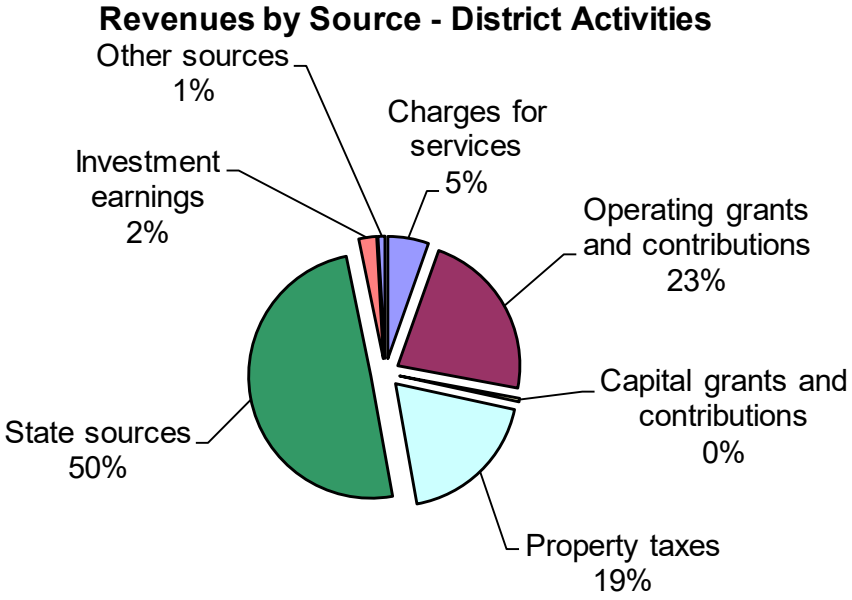
A condensed version of the Statement of Activities follows:

	Total	
	2024	2023
Revenue		
Program revenues:		
Charges for services	$ 643,018	$ 766,738
Operating grants and contributions	2,680,189	2,291,139
Capital grants and contributions	52,975	61,290
General revenues:		
Property taxes	2,232,258	2,432,840
State sources	5,897,907	6,099,164
Investment earnings	280,083	223,110
Other sources	105,455	74,737
Total revenues	11,891,885	11,949,018
Expenses		
District and school administration	717,887	672,233
District support services	550,967	495,442
Regular instruction	4,203,467	3,332,558
Vocational instruction	279,446	180,710
Special education	1,066,344	887,358
Community education and services	400,182	211,257
Instructional support services	168,304	115,537
Pupil support services	1,802,203	1,579,581
Site, buildings, and equipment	2,301,174	2,214,087
Fiscal and other fixed cost programs	446,665	458,581
Total expenses	11,936,639	10,147,344
Change in net position	(44,754)	1,801,674
Net position, beginning of year	6,760,670	4,958,996
Net position, end of year	$ 6,715,916	$ 6,760,670

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Below are specific graphs that provide comparisons of the district activities direct program revenues with their expenses. Any shortfalls in direct revenues are primarily supported by property tax levy or general state aid.





FUND BASIS FINANCIAL ANALYSIS

Financial Analysis of the District's Funds

The financial performance of the District as a school is reflected in its governmental funds as well. As the District completed the year, its Governmental Funds reported a combined fund balance of $8,384,771.

Enrollment is expected to have a slight flat to decreasing trend.

History of enrollment measured by adjusted average daily membership (ADM):

Fiscal Year	ADM	% Change
2015	757.79	
2016	711.93	-6.1%
2017	697.95	-2.0%
2018	699.26	0.2%
2019	707.02	1.1%
2020	702.61	-0.6%
2021	681.61	-3.0%
2022	674.93	-1.0%
2023	662.47	-1.8%
2024	639.00	-3.5%

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

Total General Fund Revenues increased by $326,842 from the previous year primarily from state sources and investment income. Basic general education revenue is determined by a state per student funding formula and consists of an equalized mix of property tax and state aid revenue. Other state-authorized revenue includes excess levy referendum and the property tax shift also involves an equalized mix of property tax and state aid revenue. Therefore, the mix of property tax and state aid can change significantly from year to year without any net revenue change.

Local property taxes are impacted by the state provided funds for school property tax relief. This relief was provided in two principle ways: 1) removal of the general education revenue property tax via a funding model of greater state aid; and 2) roll in of additional aid for referendum revenue into the basis formula for general education revenue.

FUND BASIS FINANCIAL ANALYSIS (Continued)

General fund revenues were as follows:

	2024	2023	Increase/ (Decrease)
Local property tax levies	$ 1,686,922	$ 1,539,511	$ 147,411
Other local and county sources	375,828	379,972	(4,144)
State sources	7,325,848	7,004,334	321,514
Federal sources	364,106	539,115	(175,009)
Investment income	191,243	154,173	37,070
Total General Fund Revenues	$ 9,943,947	$ 9,617,105	$ 326,842

General fund expenditures were as follows:

	2024	2023	Increase/ (Decrease)
District and school administration	$ 789,065	$ 754,032	$ 35,033
District support services	550,431	487,433	62,998
Regular instruction	4,427,449	4,256,699	170,750
Vocational instruction	274,200	247,436	26,764
Special education	1,141,395	1,108,690	32,705
Instructional support services	178,243	140,117	38,126
Pupil support services	1,325,396	1,212,721	112,675
Site, buildings, and equipment	1,329,809	1,281,624	48,185
Fiscal and other fixed cost programs	72,391	59,778	12,613
Total General Fund Expenditures	$ 10,088,379	$ 9,548,530	$ 539,849

The total General Fund balance on June 30, 2024, is $3,931,499 compared to $4,072,471 on June 30, 2023 (decrease of $140,972). Of the total amount, certain amounts are nonspendable, restricted, or assigned – leaving an amount of $1,254,451 in the Unassigned General Fund Balance.

FUND BASIS FINANCIAL ANALYSIS (Continued)

Food Service Fund. The Food Service Fund accounts for the activities related to providing child nutrition services to support K-12 academic programs. The fund operates with the goal that revenues exceed expenditures on day-to-day school breakfast and lunch operations so that the excess can be used to systematically replace and upgrade kitchen equipment. By operating in this manner, the child nutrition services program is self-supporting and does not rely upon resources from K-12 instruction programs other than for use of school facilities.

The Food Service Fund Balance increased by $110,057. On June 30, 2024 the fund balance was $604,231; compared to the previous year's balance of $494,174.

The Food Service revenue for 2023-2024 totaled $603,308 compared to $513,017 the previous year – a increase of $90,291 primarily due to free breakfast and lunches from state revenues.

The Food Service expenditures for 2023-2024 totaled $493,251 compared to $421,986 the previous year – an increase in expenditures of $71,265 primarily due to an increase in the contracted per meal price.

Community Service Fund. The Community Service Fund accounts for the activities related to providing education and recreation programs for Pre-Kindergarten and Post-Grade 12 students. The fund operates on the goal of breaking even on a yearly basis so that is does not rely upon resources from K-12 instruction programs other than for use of school facilities.

The Community Service Fund Balance increased by $2,604 during fiscal 2024.

Community Service Fund revenues for 2023-2024 totaled $389,539 compared to $330,527 the previous year - an increase of $59,012. This is primarily due to increased learning readiness fees and investment income.

Community Service Fund expenditures for 2023-2024 totaled $386,935 compared to $230,688 the previous year. This was an increase in expenditures of $156,247.

Debt Service Funds. The Debt Service funds exist to service the principal and interest on long-term debt issued by the District to construct school facilities or acquire school equipment. Annual levies will provide revenue at a rate of 105% or pending debt service payments for a fiscal year. This rate is specified in statute to ensure that principal and interest payment can be made as scheduled even if there are late property tax payments or delinquencies that may arise.

The Debt Service Fund Balance is $3,357,152 as of June 30, 2024. This fund balance along with the 2023-2024 levy payable in 2024 and future state aid for debt service is sufficient to make pending principal and interest payments.

The Debt Service Fund Balance decreased by $71,103 in 2023-2024. As debt is retired, these fund balances should become smaller on a year-to-year basis because a lower levy will be necessary to service remaining debt.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District provided a final Revised 2023-2024 Budget in February of 2024. The Revised FY24 Budget stated revenue sources being $277,890 more than the Original FY24 Budget.

The Actual FY24 revenue was $234,877 more than the Revised Budgeted Revenue. The District received an increase in special education aid for the fiscal year and investment income was higher than the targeted budget.

The final Revised FY24 Budget stated expenditures were $533,578 more than the Original FY24 Budget. The Actual expenditures were $186,290 more than projected due to inflation causing higher than anticipated fees for services and supplies.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2024, the District had invested $24,728,848 (net of accumulated depreciation) in a broad range of capital assets including school buildings, athletic facilities, technology equipment, and other types of equipment. Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). The capitalization threshold is $5,000. Donated capital assets are recorded as their estimated acquisition value at the date of donation. 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.

	Total	
	2024	2023
Land	$ 1,100	$ 1,100
Construction in process		184,775
Land and building improvements	19,586,524	20,787,063
Buildings	4,735,082	4,488,436
Machinery and equipment	406,142	454,919
Total	$ 24,728,848	$ 25,916,293

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Long Term Liabilities. As of June 30, 2024, the District had $21,012,336 in bonds payable and bond premium outstanding. The District also had $102,833 in post separation and severance benefits payable at the end of the year. A summary of outstanding long-term liabilities as of June 30, 2024, is as follows:

	Total	
	2024	2023
General obligation bonds	$ 20,259,000	$ 20,779,000
Bond premium	753,336	803,558
Compensated Absences Payable	102,833	142,718
Total	$ 21,115,169	$ 21,725,276

FACTORS BEARING ON THE DISTRICT'S FUTURE

With the exception of voter-approved excess operating referendum, the District is dependent on the state of Minnesota for its revenue authority. Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs and increased costs due to inflation.

The District is continuing to improve efficiencies and control spending to try to maintain a balanced budget. Through the support of referendum dollars that have been voter-approved, the District will continue to maintain a stable future. The District will carry on its long-standing commitment to academic excellence and educational opportunity for students within a framework of fiduciary responsibility.

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 District Office, Independent School District #203, 9 Sixth Ave. SE, Hayfield, Minnesota, 55940.

INDEPENDENT SCHOOL DISTRICT #203
HAYFIELD, MINNESOTA

BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

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INDEPENDENT SCHOOL DISTRICT #203
HAYFIELD, MINNESOTA
STATEMENT OF NET POSITION
June 30, 2024
With Comparative Data As of June 30, 2023

	Governmental Activities	
	2024	2023
Assets		
Cash and cash equivalents	$ 5,925,334	$ 5,836,177
Restricted cash	2,985,036	2,486,928
Taxes receivable	1,945,037	1,871,688
Other receivables	21,774	8,943
Due from other governmental units	1,205,032	991,279
Inventory	853	1,637
Prepaid items	77,157	73,311
Capital Assets:		
Non-depreciable	1,100	185,875
Depreciable, Net	24,727,748	25,730,418
TOTAL ASSETS	36,889,071	37,186,256
Deferred Outflows of Resources		
Deferred outflows from pension activities	1,366,193	1,872,818
Deferred outflows from postemployment benefit obligation	318,889	207,674
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,685,082	2,080,492
Liabilities		
Accounts payable	127,348	110,855
Due to other Minnesota school districts	180,763	51,798
Due to other governments	167,830	
Salaries and accrued liabilities		99,268
Accrued interest payable	34,341	36,580
Unearned revenue	155,117	136,569
Long-Term Liabilities:		
Due within one year	636,355	627,309
Due in more than one year	20,478,814	21,097,967
Net pension liability	5,701,468	5,971,613
Other postemployment benefits	772,548	651,288
TOTAL LIABILITIES	28,254,584	28,783,247
Deferred Inflows of Resources		
Deferred inflows from pension activities	449,649	1,222,907
Deferred inflows from postemployment benefit obligation	108,868	135,895
Property taxes levied for subsequent year	3,045,136	2,364,029
TOTAL DEFERRED INFLOWS OF RESOURCES	3,603,653	3,722,831
Net Position		
Net investment in capital assets	3,716,512	4,333,735
Restricted:		
Operating capital purposes	289,240	392,529
State-Mandated restrictions	1,260,743	1,359,627
Food service	604,231	494,174
Community service	493,448	489,627
Debt service	3,354,275	3,402,667
Unrestricted	(3,002,533)	(3,711,689)
TOTAL NET POSITION	$ 6,715,916	$ 6,760,670

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #203
HAYFIELD, MINNESOTA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024
With Comparative Data As of June 30, 2023

	2024			
		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
District and school administration	$ 717,887	$	$	$
District support services	550,967		12	52,975
Regular instruction	4,203,467	274,019	1,033,571	
Vocational instruction	279,446		2,408	
Special education	1,066,344	10,598	1,084,638	
Community service	400,182	305,705	29,635	
Instructional support services	168,304		895	
Pupil support services	1,802,203	51,883	529,006	
Site, buildings, and equipment	2,301,174	813	24	
Fiscal and other fixed cost programs	446,665			
Total governmental activities	$ 11,936,639	$ 643,018	$ 2,680,189	$ 52,975
General Revenues:				
Property taxes levied for:				
General purposes				
Community Service				
Debt Service				
State aid not restricted to specific purposes				
Miscellaneous				
Investment income				
Total general revenues				
Change in net position				
Net Position - Beginning				
Net Position - Ending				

See Notes to Financial Statements

2024	2023
Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Total Governmental Activities	Total Governmental Activities
$ (717,887)	$ (672,233)
(497,980)	(434,152)
(2,895,877)	(2,069,847)
(277,038)	(180,710)
28,892	137,695
(64,842)	60,304
(167,409)	(115,537)
(1,221,314)	(1,081,747)
(2,300,337)	(2,213,369)
(446,665)	(458,581)
(8,560,457)	(7,028,177)
1,762,921	1,541,816
27,071	41,892
442,266	849,132
5,897,907	6,099,164
105,455	74,737
280,083	223,110
8,515,703	8,829,851
(44,754)	1,801,674
6,760,670	4,958,996
$ 6,715,916	$ 6,760,670

INDEPENDENT SCHOOL DISTRICT #203
HAYFIELD, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024
With Comparative Data As of June 30, 2023

	General	Food Service	Community Service
Assets			
Cash and cash equivalents	$ 4,086,900	$ 607,850	$ 517,615
Restricted cash			
Current property taxes receivable	821,391		21,460
Delinquent property taxes receivable	66,235		1,559
Accounts receivable	16,929	4,845	
Due from other Minnesota school districts			
Due from Minnesota Department of Education	888,921		3,002
Due from Federal through Minnesota Department of Education	273,671		
Inventory		853	
Prepaid items	77,157		
TOTAL ASSETS	$ 6,231,204	$ 613,548	$ 543,636
Liabilities, Deferred Inflows of Resources, and Fund Balance			
Liabilities			
Accounts payable	$ 121,550	$	$ 5,798
Salaries and accrued liabilities payable			
Due to other governmental units	167,830		
Due to other Minnesota school districts	180,763		
Unearned revenue	145,800	9,317	
TOTAL LIABILITIES	615,943	9,317	5,798
Deferred Inflows of Resources			
Unavailable revenue:			
Taxes levied for subsequent year	1,617,527		44,390
Delinquent property taxes	66,235		1,559
TOTAL DEFERRED INFLOWS OF RESOURCES	1,683,762		45,949
Fund Balances			
Nonspendable	77,157	853	
Restricted	1,549,983	603,378	496,984
Assigned	1,049,908		
Unassigned	1,254,451		(5,095)
TOTAL FUND BALANCES	3,931,499	604,231	491,889
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 6,231,204	$ 613,548	$ 543,636

See Notes to Financial Statements

		Total Governmental Funds	
Debt Service	2024	2023	
$ 712,969	$ 5,925,334	$ 5,836,177	
2,985,036	2,985,036	2,486,928	
1,002,928	1,845,779	1,848,429	
31,464	99,258	23,259	
	21,774	8,943	
		35,196	
39,438	931,361	779,866	
	273,671	176,217	
	853	1,637	
	77,157	73,311	
$ 4,771,835	$ 12,160,223	$ 11,269,963	
$	$ 127,348	$ 110,855	
		99,268	
	167,830		
	180,763	51,798	
	155,117	136,569	
	631,058	398,490	
1,383,219	3,045,136	2,364,029	
31,464	99,258	23,259	
1,414,683	3,144,394	2,387,288	
	78,010	74,948	
3,357,152	6,007,497	6,171,744	
	1,049,908	1,089,794	
	1,249,356	1,147,699	
3,357,152	8,384,771	8,484,185	
$ 4,771,835	$ 12,160,223	$ 11,269,963	

INDEPENDENT SCHOOL DISTRICT #203
HAYFIELD, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024
With Partial Comparative Data for the Year Ended June 30, 2023

	General	Food Service	Community Service
Revenues			
Local sources:			
Property tax levies	$ 1,686,922	$	$ 27,071
Other local and county sources	375,828		305,705
Investment income	191,243	24,702	25,853
State sources	7,325,848	259,819	30,910
Federal sources	364,106	267,246	
Sales and other conversions of assets		51,541	
TOTAL REVENUES	9,943,947	603,308	389,539
Expenditures			
District and school administration	789,065		
District support services	550,431		
Regular instruction	4,427,449		
Vocational instruction	274,200		
Special education	1,141,395		
Instructional support services	178,243		
Pupil support services	1,325,396	493,251	
Site, buildings, and equipment	1,329,809		
Fiscal and other fixed cost programs	72,391		
Community service			386,935
TOTAL EXPENDITURES	10,088,379	493,251	386,935
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(144,432)	110,057	2,604
Other Financing Sources (Uses)			
Sale of equipment	3,460		
NET CHANGE IN FUND BALANCES	(140,972)	110,057	2,604
FUND BALANCE - BEGINNING	4,072,471	494,174	489,285
FUND BALANCE - ENDING	$ 3,931,499	$ 604,231	$ 491,889

See Notes to Financial Statements

	Total Governmental Funds	
Debt Service	2024	2023
$ 442,266	$ 2,156,259	$ 2,430,535
	681,533	625,090
38,285	280,083	223,110
395,081	8,011,658	7,655,686
	631,352	808,710
	51,541	203,582
875,632	11,812,426	11,946,713
	789,065	754,032
	550,431	487,433
	4,427,449	4,256,699
	274,200	247,436
	1,141,395	1,108,690
	178,243	140,117
	1,818,647	1,634,707
	1,329,809	1,281,624
946,735	1,019,126	1,010,957
	386,935	230,688
946,735	11,915,300	11,152,383
(71,103)	(102,874)	794,330
	3,460	
(71,103)	(99,414)	794,330
3,428,255	8,484,185	7,689,855
$ 3,357,152	$ 8,384,771	$ 8,484,185

INDEPENDENT SCHOOL DISTRICT #203
HAYFIELD, MINNESOTA
RECONCILIATION OF NET POSITION IN THE
DISTRICT-WIDE FINANCIAL STATEMENTS AND FUND BALANCES
IN THE FUND BASIS FINANCIAL STATEMENTS
June 30, 2024

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

Total governmental fund balances (pages 17 and 18)		$ 8,384,771
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental funds - capital assets	$ 35,198,998	
Less: Accumulated depreciation	10,470,150	
		24,728,848
Other long-term assets not available soon enough to pay for current-period expenditures and, therefore, are unavailable in the funds:		
Delinquent property taxes		99,258
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds and notes payable	$ (20,259,000)	
Unamortized bond premiums	(753,336)	
Net pension liability	(4,784,924)	
Compensated absences	(102,833)	
Other post-employment benefits payable	(562,527)	
Accrued interest	(34,341)	
		(26,496,961)
Net position of governmental activities (page 14)		$ 6,715,916

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #203
HAYFIELD, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

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

Net change in fund balances - total governmental funds (pages 19 and 20)		$ (99,414)
Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlays	$ 247,920	
Depreciation expense	(1,435,365)	
		(1,187,445)
Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Delinquent property taxes		75,999
The governmental funds report long-term debt proceeds as financing sources, while repayment of long-term debt principal is reported as an expenditure. In the statement of net 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 deferred and 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 obligations bonds and related items is as follows.		
Principal retirement on long-term debt	$ 520,000	
Bond premium	50,222	
Change in accrued interest	2,239	
		572,461
In the statement of activities, certain operating expenses - net pension liability, compensated absences, and other postemployment benefits - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).		
Net pension liability	$ 536,778	
Compensated absences	39,885	
Other postemployment benefits payable	16,982	
		593,645
Change in net position of governmental activities (pages 15 and 16)		$ (44,754)

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #203
HAYFIELD, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2024
With Partial Comparative Data for the Year Ended June 30, 2023

	Budgeted Amounts		2024	Over (Under)	2023
	Original	Final	Actual	Final Budget	Actual
Revenues					
Local sources:					
Property tax levies	$ 1,646,916	$ 1,667,770	$ 1,686,922	$ 19,152	$ 1,539,511
Other local and county sources	273,860	272,405	375,828	103,423	379,972
Investment income	15,006	160,010	191,243	31,233	154,173
State sources	7,084,765	7,237,337	7,325,848	88,511	7,004,334
Federal sources	410,633	371,548	364,106	(7,442)	539,115
TOTAL REVENUES	9,431,180	9,709,070	9,943,947	234,877	9,617,105
Expenditures					
District and school administration	780,911	784,649	789,065	4,416	754,032
District support services	477,124	613,513	550,431	(63,082)	487,433
Regular instruction	4,174,617	4,143,427	4,427,449	284,022	4,256,699
Vocational instruction	261,581	286,391	274,200	(12,191)	247,436
Special education	1,233,680	1,308,226	1,141,395	(166,831)	1,108,690
Instructional support services	202,153	219,040	178,243	(40,797)	140,117
Pupil support services	1,157,284	1,161,579	1,325,396	163,817	1,212,721
Site, buildings, and equipment	1,030,611	1,292,714	1,329,809	37,095	1,281,624
Fiscal and other fixed cost programs	50,550	92,550	72,391	(20,159)	59,778
TOTAL EXPENDITURES	9,368,511	9,902,089	10,088,379	186,290	9,548,530
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	62,669	(193,019)	(144,432)	48,587	68,575
Other Financing Sources					
Sale of equipment		1,110	3,460	2,350	
NET CHANGE IN FUND BALANCE	62,669	(191,909)	(140,972)	50,937	68,575
FUND BALANCE - BEGINNING	4,072,471	4,072,471	4,072,471		4,003,896
FUND BALANCE - ENDING	$ 4,135,140	$ 3,880,562	$ 3,931,499	$ 50,937	$ 4,072,471

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #203
HAYFIELD, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOOD SERVICE FUND
For the Year Ended June 30, 2024
With Partial Comparative Data for the Year Ended June 30, 2023

	Budgeted Amounts		2024	Over (Under)	2023
	Original	Final	Actual	Final Budget	Actual
Revenues					
State sources	$ 310,050	$ 310,050	$ 259,819	$ (50,231)	$ 24,391
Federal sources	151,000	177,000	267,246	90,246	269,595
Investment income	1,350	1,350	24,702	23,352	15,449
Sales and other conversions of assets	32,550	77,400	51,541	(25,859)	203,582
TOTAL REVENUES	494,950	565,800	603,308	37,508	513,017
Expenditures					
Pupil support services	445,428	451,746	493,251	41,505	421,986
NET CHANGE IN FUND BALANCES	49,522	114,054	110,057	(3,997)	91,031
FUND BALANCES - BEGINNING	494,174	494,174	494,174		403,143
FUND BALANCES - ENDING	$ 543,696	$ 608,228	$ 604,231	$ (3,997)	$ 494,174

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #203
HAYFIELD, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
COMMUNITY SERVICE FUND
For the Year Ended June 30, 2024
With Partial Comparative Data for the Year Ended June 30, 2023

	Budgeted Amounts		2024	Over (Under)	2023
	Original	Final	Actual	Final Budget	Actual
Revenues					
Local sources:					
Property tax levies	$ 37,075	$ 36,975	$ 27,071	$ (9,904)	$ 41,892
Other local and county sources	220,400	210,400	305,705	95,305	245,118
Investment income	1,450	1,450	25,853	24,403	15,864
State sources	26,228	30,016	30,910	894	27,653
TOTAL REVENUES	285,153	278,841	389,539	110,698	330,527
Expenditures					
Community services	243,521	243,521	386,935	143,414	230,688
NET CHANGE IN FUND BALANCES	41,632	35,320	2,604	(32,716)	99,839
FUND BALANCES - BEGINNING	489,285	489,285	489,285		389,446
FUND BALANCES - ENDING	$ 530,917	$ 524,605	$ 491,889	$ (32,716)	$ 489,285

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #203
HAYFIELD, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
For the Year Ended June 30, 2024

	Custodial
Assets	
Cash and cash equivalents	$ 72,040
Investments	30,628
Total Assets	$ 102,668
Net Position	$ 102,668

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #203
HAYFIELD, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2024

	Custodial
Additions	
Other local and county sources	$ 32,200
Earnings on investments	(2,072)
Total Additions	30,128
Deductions	
Scholarships paid out	2,900
CHANGE IN NET POSITION	27,228
NET POSITION - BEGINNING	75,440
NET POSITION - ENDING	$ 102,668

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #203
HAYFIELD, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Independent School District #203 was formed and operates pursuant to applicable Minnesota laws and statutes.

The governing body consists of a seven-member board elected by the voters of the District to serve four-year terms.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB pronouncements are recognized as accounting principles generally accepted in the United States of America for state and local governments.

Financial Reporting Entity

Independent School District #203 (the District) is an instrumentality of the State of Minnesota established to function as an educational institution. The elected School Board (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

Accounting principles generally accepted in the United States of America (GAAP) require that the District's financial statements include all funds, account groups, departments, agencies, boards, commissions, and other organizations which are not legally separated from the District. In addition, the District's financial statements are to include all component units - entities for which the District is financially accountable.

Financial accountability includes such aspects as appointing a voting majority of the organization's governing body, significantly influencing the programs, projects, activities or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burden on, the organization. Based on the aforementioned criteria, the District has no component units.

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 fund. Fiduciary funds are reported only in the Statements of Fiduciary Net Position and Changes in Fiduciary Fund Net Position at the fund financial statement level.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. Generally, the effect of material inter-fund activity has been removed from the District-wide financial statements.

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

1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The District-wide financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are generally recognized as revenues in the fiscal year for which they are levied, except for amounts advance recognized in accordance with a statutory “tax shift” described later in these notes. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State aids are recorded as revenue in the fiscal year for which the aids are designated by statute.

Governmental fund types are accounted for using the modified accrual basis of accounting. Under this method revenues are recognized when susceptible to accrual, i.e. both measurable and available to finance expenditures of the fiscal period. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues susceptible to accrual are property taxes, state aids, fees, and interest. For this purpose, the District considers all revenues to be available if they are collected within 60 days after the end of the current period.

Expenditures are generally recognized using the modified accrual basis of accounting when a related fund liability is incurred. Exceptions to this rule include (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued, and (2) principal and interest on general long-term debt which is recognized when due.

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

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

Unearned revenue is recorded when assets are recognized before revenue recognition criteria have been satisfied. Grants received before eligibility requirements other than time requirements are met and recorded as unearned revenue. Grants received before time requirements are met are recorded as a deferred inflow of resources.

Description of Funds

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, net position/fund balance, revenues and expenditures. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

1. Summary of Significant Accounting Policies (Continued)

Description of Funds (continued)

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources and transactions except those required to be accounted for in other funds.

The *food service fund* accounts for all activities associated with the preparation and serving of regular and incidental meals, lunches or snacks in connection with school activities.

The *community service fund* accounts for the resources designated for programs other than those for elementary and secondary students.

The *debt service fund* accounts for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

The District reports the following fiduciary funds:

The *agency fund* is custodial in nature and does not present results of operations or have a measurement focus. The District uses agency funds to account for scholarship accounts that have no administrative or direct financial involvement. This fund accounts for funds that the District is a fiscal host of flow-through funds for scholarships without a legally binding trust.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

Budgets and Budgetary Accounting

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 School Board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service and Debt Service Funds. Reported budget amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

Cash and Investments

Except where otherwise required, the District maintains all deposits in bank accounts in the name of the District. These deposits are invested on a short-term basis with interest income allocated to each fund based upon their relative account balance. The balances shown in each fund represents an equity interest in the commingled pool of cash and temporary cash investments, which is under the management of the District. Investments consist primarily of nonparticipating certificates of deposit recorded at cost, which approximates market.

The District has designated cash and cash equivalents as demand deposits and all investments with an original maturity of three months or less.

Accounts Receivable

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

Use of Estimates

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

Deferred Outflows of Resources

In addition to assets, the financial statements will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditures) until that time. The District has two types of items which occur related to revenue recognition. The deferred outflows of resources are pension and OPEB related.

Deferred Inflows of Resources

In addition to liabilities, the financial statement will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items which occur related to revenue recognition. The first occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. The second type of deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's year-end) under the modified accrual basis of accounting. The other types are pension and OPEB related.

Unearned Revenue

Unearned revenues are those in which resources are received by the district before it has a legal claim to them. The District has reported unearned revenues for fees collected for student meals not used and advanced payments for technology fees.

1. Summary of Significant Accounting Policies (Continued)

Inventories

Inventories are recorded using the consumption method of accounting and consist of food and commodities on hand at June 30, 2024. The food is recorded at the invoice cost. The food inventories are valued using the latest invoice cost, which approximates FIFO inventory method. Surplus commodities are stated at standardized commodities cost as determined by the Department of Agriculture.

Prepaid Items

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

Property Taxes

Property tax levies are established by the School 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. The County spreads all levies over taxable property. Such taxes become a lien on January 1. Taxes are due on May 15 and October 15. The county generally remits 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 deferred revenue (property taxes levied for subsequent year). The majority of District revenue in the General and Special Revenue Funds 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. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the “tax shift”, which periodically changes the District’s recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year’s levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes $79,947 of the property tax levy collectible in 2024 as revenue to the District is fiscal year 2023-2024. The remaining portion of the taxes collectible in 2024 is recorded as deferred inflows of resources.

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 inflows of resources 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 the Property Taxes Levied for Subsequent Year account to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

Net Position

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

1. Summary of Significant Accounting Policies (Continued)

Concentration of Credit Risk

Financial instruments which expose the District to a concentration of credit risk consist primarily of cash and investments. Credit risk associated with cash and investments are discussed in Note 3.

Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The District maintains a capitalization threshold level of $5,000. 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 statement, but are not reported in the Fund financial statements. 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. Deprecation is provided using the straight-line method applied over the following estimated useful lives of the assets.

	Useful Life in Years
Land improvements and buildings	25 - 50
Equipment	5 - 15

Capital assets not being depreciated include land.

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

Long-term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the year of issuance.

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

Compensated Absences Payable

Eligible teachers with at least 15 years of service receive severance for up to 150 accumulated sick days. Severance is calculated by multiplying the number of accumulated sick days by 75% the employee's current per diem rate of pay. The total severance received cannot exceed $30,000. The payment is reduced by any 403(b) contributions the District made for the employees.

Eligible administrators with at least 10 years of service receive severance for up to 150 accumulated sick days. Severance is calculated by multiplying the number of accumulated sick days by 75% of the employee's current per diem rate of pay.

1. Summary of Significant Accounting Policies (Continued)

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses or revenues/income initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses or revenues/income in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Comparative Data

Comparative data for the prior year has been presented in certain of the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, complete comparative data has not been presented since their inclusion would not provide meaningful comparisons. Certain amounts in the June 30, 2023 totals column have been reclassified to conform with the current year presentation.

Pensions

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

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

Other Postemployment Benefits Payable

Under the provisions of the various employee and union contracts the District provides Health and Dental Care coverage until age 65 if certain age and minimum years of service requirements are met. The amount to be incurred is limited as specified by contract. All premiums are funded on a pay-as-you-go basis. This amount was actuarially determined, in accordance with GASB Statement No. 75.

Leases

For leases with a term exceeding 12 months, the District recognizes a lease liability and a right to use lease asset in the government-wide financial statements.

The right to use lease asset is calculated at the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus certain initial direct costs incurred, minus any lease incentives received. Subsequently, the right to use lease asset is amortized on a straight-line basis over its useful life. The District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. Remeasurement of the right to use lease asset and lease liability occurs when certain changes occur that are likely to have a significant impact on the lease liability.

Right to use lease assets are reported with capital assets and lease liabilities are reported with long-term debt on the statement of net position.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Stewardship and Accountability

Excess expenditures over appropriations at the individual fund level during 2024 is as follows:

	Budget	Expenditures	Excess
General Fund	$ 9,902,089	$ 10,088,379	$ 186,290
Food Service Fund	451,746	493,251	41,505
Community Service	243,521	386,935	143,414

Excess expenditures were the result of planned processes.

3. Cash and Investments

Summary of Cash and Investments

As of June 30, 2024, the District's cash and investments consisted of the following items:

Deposits	$ 1,074,262
Cash on Hand	5,010
Restricted Cash	2,985,036
MSDLAF+ Liquid Class	2,063,315
MSDLAF+ Max Class	2,880,288
Non-Negotiable Certificate of Deposit	5,127
Total Cash and Investments	9,013,038
Less: Fiduciary funds cash and cash equivalents	102,668
Total Cash and Investments reported on the Statement of Net Position	$ 8,910,370

Restricted Cash and Investments Held by Fiscal Agent	$ 2,985,036
Cash and Investments per Statement of Net Position	5,925,334
Total Cash and Investments per Statement of Net Position	$ 8,910,370

3. Cash and Investments (Continued)

Summary of Cash and Investments (Continued)

The District is authorized by Minnesota Statues to invest idle funds as follows:

a) Direct obligations or obligations guaranteed by the United States or its agencies.

b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and receives 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 thirteen months or less.

c) General obligations rated "A" or better; revenue obligations rated "AA" or better.

d) General obligations of the Minnesota Housing Finance Agency rated "A" or better.

e) Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System.

f) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality category by at least two nationally recognized rating agencies and maturing in 270 days or less.

g) Repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

h) Guaranteed Investments Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories.

Fair Value Measurement

Fair value measurements are determined utilizing the framework established by the Governmental Accounting Standards Board. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data. Inputs to the valuation methodology include:
    - Quoted prices for similar assets or liabilities in active markets
    - Quoted prices for identical assets or liabilities in inactive markets
    - Inputs other than quoted prices that are observable for the asset or liability
    - Inputs that are derived principally from or corroborated by observable market data by correlation or other means

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

- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

3. Cash and Investments (Continued)

Fair Value Measurement (Continued)

The District had the following investments at fiscal year-end:

	Credit Risk		Fair Value Measurements	Interest Risk - Maturity Duration in Years				
Investment Type	Rating	Agency	Using	No Maturity Date	Less than 1	1 to 5	6 to 10	Total
MSDLAF+ Liquid Class	AAA	S&P	N/A	$ 2,063,315	$	$	$	$ 2,063,315
MSDLAF+ Max Class	AAA	S&P	N/A	2,880,288				2,880,288
Total Investments				$ 4,943,603	$	$	$	$ 4,943,603

N/A - Not applicable

The Minnesota School District Liquid Asset Fund (MSDLAF) Plus Liquid Class and MSDLAF Plus Max Class are external investment pools not registered with the Securities and Exchange Commission regulated by Minnesota Statues. The District's investments in these investment pools are measured at the net asset value per share provided by the pool, which is based on amortized cost method that approximates fair value. For the MSDLAF Plus Liquid Class and MSDLAF Plus Max Class investment pools, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice required.

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's policy for custodial credit risk follows Minnesota Statutes for deposits. The District's deposits are entirely covered by federal depository insurance or by collateral held by the District's custodial banks in the District's name.

Minnesota Statues require that all District deposits be insured, secured by surety bonds or be collateralized. Except for notes secured by first mortgages of future maturity, the market value of collateral pledged by the custodial bank must equal 110% of the deposits not covered by insurance or surety bonds. Authorized collateral includes certain state of local government obligations and legal investments. Minnesota Statues also require that securities pledged as collateral be held in safekeeping by the Treasurer, or in a financial institution other than the institution furnishing the collateral.

Credit Risk

The District's investment policy limits its investment choices to those allowed by Minnesota Statutes.

Concentration of Credit Risk

The District places limits on the amount the District may invest in the investment types stated above. The District's policy limits investment in items f) and g) to no more than 50%, and no more than 90% in interest bearing accounts, CD's, or other investments constituting direct obligations of any bank.

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

4. Due From Other Governmental Units

Amounts due from other governmental units at June 30, 2024 are as follows:

Fund	Minnesota Department of Education	Federal Government Through MDE	Total
General	$ 888,921	$ 273,671	$1,162,592
Community Service	3,002		3,002
Debt Service	39,438		39,438
	$ 931,361	$ 273,671	$1,205,032

5. Capital Assets

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

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	$ 1,100	$	$	$ 1,100
Construction in process	184,775		184,775	
Total capital assets, not being depreciated	185,875		184,775	1,100
Capital assets, being depreciated:				
Buildings	9,789,518	421,520		10,211,038
Land and building improvements	24,010,782			24,010,782
Equipment	964,903	11,175		976,078
Total capital assets, being depreciated	34,765,203	432,695		35,197,898
Less accumulated depreciation for:				
Buildings	5,301,082	174,874		5,475,956
Land and building improvements	3,223,719	1,200,539		4,424,258
Equipment	509,984	59,952		569,936
Total accumulated depreciation	9,034,785	1,435,365		10,470,150
Total capital assets, being depreciated, net	25,730,418	(1,002,670)		24,727,748
Governmental activities capital assets, net	$ 25,916,293	$ (1,002,670)	$ 184,775	$ 24,728,848

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
Administration	$ 438
District support services	117
Regular instruction	180,191
Vocational instruction	2,672
Pupil support services	5,283
Site, buildings and equipment	1,246,664
Total depreciation expense - governmental activities	$ 1,435,365

6. Long-Term Liabilities

The long-term debt obligations outstanding and related maturities and interest rates are summarized in the following schedules. General Obligation Bonds are serviced by the Debt Service Fund. They are backed by the full faith and credit of the District. The compensated absences payable is serviced by the General Fund.

A summary of interest rates, maturities and June 30, 2024 balances is as follows:

	Original Amount of Debt	Range of Interest Rates	Final Maturity	Balance June 30, 2024
General Obligation Bonds:				
Taxable Facilities Maintenance Bonds, 2017A	$ 9,694,000		2038	$ 9,694,000
School Building Bonds, 2017B	13,200,000	3.00 - 5.00%	2038	10,565,000
Bond Premium, Net				753,336
Other Liabilities:				
Compensated Absences Payable				102,833
Long-term Liabilities				$ 21,115,169

The following is a summary of the changes in long-term debt obligations for the year ended June 30, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds Payable:					
General Obligation Bonds:					
Taxable Facilities Maintenance Bonds, 2017A	$ 9,694,000	$	$	$ 9,694,000	$
School Building Bonds, 2017B	11,085,000		520,000	10,565,000	545,000
Bond Premium, Net	803,558		50,222	753,336	50,222
Other Liabilities:					
Compensated Absences Payable	142,718	60,000	99,885	102,833	41,133
Long-term Liabilities	$ 21,725,276	$ 60,000	$ 670,107	$ 21,115,169	$ 636,355

6. Long-Term Debt (Continued)

The annual requirements to amortize all long-term debt outstanding as of June 30, 2024, over the life of the debt, are summarized below:

	General Obligation Bonds		
Years	Principal	Interest	Total
Governmental Activities			
2025	$ 545,000	$ 398,800	$ 943,800
2026	575,000	371,550	946,550
2027	605,000	342,800	947,800
2028	635,000	312,550	947,550
2029	665,000	280,800	945,800
2030-2034	3,800,000	939,950	4,739,950
2035-2038	13,434,000	295,500	13,729,500
Totals	$ 20,259,000	$ 2,941,950	$ 23,200,950

Qualified Zone Academy Bond

On September 1, 2017 the District entered into an agreement with Dubuque Bank & Trust for $9,694,000 of Taxable General Obligation Facilities Maintenance Bonds, Series 2017A (Qualified Zone Academy Bonds). The proceeds of this issue were used to fund the cost of indoor air quality improvements at Hayfield ISD. The bonds do not bear interest. Semi-annual payments of $248,564 will be made to a reserve account a Dubuque Bank & Trust. The reserve account holds the cash until the bonds' maturity on August 1, 2037, at which time the balance in the reserve account will pay off the bonds. The balance in the reserve account is $2,985,036 as of June 30, 2024. The District will levy property taxes for the retirement of these bonds. Escrow and principal payments on these bonds are recorded in the Debt Service Fund.

7. Net Position/Fund Balance

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classifies governmental fund balances as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual restraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained to due constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

Assignment of fund balances can be made by the District Superintendent, Business Manager, or the School Board. Assignments so made are to be reported to the School Board on a monthly basis.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of the unrestricted fund balance when expenditures are made.

The District has a formal minimum fund balance policy for the General Fund Unassigned Fund Balance to be between five and eight percent of the projected annual expenditures.

Restriction of fund balance indicates that a portion of the fund balance is legally segregated for a specific future use. The following is a summary of the restricted fund balances for the governmental funds:

Restricted for Scholarships - Represents the resources available for the scholarship funds.

Restricted for Student Activities – Represents the resources available for the extracurricular activity funds raised by students.

Restricted for Staff Development – Represents unspent staff development revenues set aside from General Education Revenue.

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

7. Net Position/Fund Balance (Continued)

Restricted for Operating Capital – The District levies taxes and receives state aid to be used for the purchase of equipment, books, and vehicles and to purchase, rent, improve, and repair school facilities as allowed by state statue. The cumulative excess of such revenues over equipment and facilities expenditure is reported as a restriction of fund balance in the General Fund.

Restricted for Gifted and Talented – Represents general education aid resources to be expended for gifted and talented programs.

Restricted for Basic Skills – The fund balance restriction represents the resources available within the General Fund to provide for basic skills programs.

Restricted for Safe School - Represents the unspent resources available from the safe schools levy and must be restricted in this account for future use.

Restricted for Long-Term Facilities Maintenance – Represents available resources to be used for LTFM projects in accordance with the 10-year plan.

Restricted for Medical Assistance – The fund balance restriction represents resources to be used for Medical Assistance expenditures.

Restricted for Community Ed – Represents available resources within the Community Service Fund for enrichment programs for any age level that are not part of the K-12 education program that are not taken for credit or required for graduation.

Restricted for Early Child/Family Ed – Represents available resources within the Community Service Fund whose focus is to improve parenting skills of new and expectant parents, and/or to provide learning experiences for parents and children.

Restricted for School Readiness – Represents the resources available to provide for services for school readiness programs.

Restricted for QZAB Payments – Represents resources required by agreement to be segregated for future payments of Qualified Zone Academy Bond (QZAB) debt instrument.

7. Net Position/Fund Balance (Continued)

The following is a summary of fund balances as of June 30, 2024 with comparative totals as of June 30, 2023:

	General	Food Service	Community Service	Debt Service	2024 Totals	2023 Totals
Nonspendable						
Inventory	$	$ 853	$	$	$ 853	$ 1,637
Prepaid items	77,157				77,157	73,311
Total nonspendable	77,157	853			78,010	74,948
Restricted						
Student activities	12,356				12,356	11,390
Scholarships	6,796				6,796	7,815
Staff development	387,533				387,533	333,468
Operating capital	289,240				289,240	392,529
Literacy incentive aid	19,702				19,702	
Area learning center						25,771
Gifted and talented	45,341				45,341	36,868
Basic skills	77,675				77,675	71,055
Safe school	25,667				25,667	5,954
Long-term facilities maintenance	597,803				597,803	788,616
Medical assistance	87,870				87,870	78,690
Food service		603,378			603,378	492,537
Community education			423,754		423,754	364,401
Early childhood and family education programs			4,554		4,554	4,554
School readiness			68,676		68,676	127,892
Community service						1,949
QZAB payments				2,985,762	2,985,762	2,487,654
Debt service				371,390	371,390	940,601
Total restricted	1,549,983	603,378	496,984	3,357,152	6,007,497	6,171,744
Assigned						
Student activities	226,648				226,648	226,648
Wellness program	3,868				3,868	3,868
Technology	429,232				429,232	429,232
Transportation	67,265				67,265	67,265
Curriculum	214,715				214,715	214,715
Facility/Property	5,348				5,348	5,348
Accrued compensated absences	102,832				102,832	142,718
Total assigned	1,049,908				1,049,908	1,089,794
Unassigned	1,254,451		(5,095)		1,249,356	1,147,699
Total Fund Balance	$3,931,499	$ 604,231	$ 491,889	$3,357,152	$8,384,771	$8,484,185

7. Net Position/Fund Balance (Continued)

Below is a reconciliation between the fund balances following GASB standards and UFARS reporting standards.

	GASB Balance	Reconciling Balance	UFARS Balance June 30, 2024	UFARS Balance June 30, 2023
Nonspendable				
Inventory	$ 853	$	$ 853	$ 1,637
Prepaid items	77,157		77,157	73,311
Total nonspendable	78,010		78,010	74,948
Restricted				
Student activities	12,356		12,356	11,390
Scholarships	6,796		6,796	7,815
Staff development	387,533		387,533	333,468
Operating capital	289,240		289,240	392,529
Literacy incentive aid	19,702		19,702	
Area learning center				25,771
Gifted and talented	45,341		45,341	36,868
Basic skills	77,675		77,675	71,055
Safe school	25,667		25,667	5,954
Long-term facilities maintenance	597,803		597,803	788,616
Medical assistance	87,870		87,870	78,690
Food service	603,378		603,378	492,537
Community education	423,754		423,754	364,401
Early childhood and family education programs	4,554		4,554	4,554
School readiness	68,676		68,676	127,892
Community service		(5,095)	(5,095)	(7,562)
QZAB payments	2,985,762		2,985,762	2,487,654
Debt service	371,390		371,390	940,601
Total restricted	6,007,497	(5,095)	6,002,402	6,162,233
Assigned				
Student activities	226,648		226,648	226,648
Wellness program	3,868		3,868	3,868
Technology	429,232		429,232	429,232
Transportation	67,265		67,265	67,265
Curriculum	214,715		214,715	214,715
Facility/Property	5,348		5,348	5,348
Accrued compensated absences	102,832		102,832	142,718
Total assigned	1,049,908		1,049,908	1,089,794
Unassigned	1,249,356	5,095	1,254,451	1,152,794
Total Fund Balance	$ 8,384,771	$	$ 8,384,771	$ 8,479,769

8. Commitments and Contingencies

The District participates in a number of federal and state agency assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District does not anticipate any audit adjustments or disallowed program expenditures that would be material in relation to the general-purpose financial statements taken as a whole.

9. Defined Benefit Pension Plans – Statewide

Plan Description

1. General Employees Retirement Plan

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

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

2. Teachers Retirement Association (TRA)

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

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

Benefits Provided

1. General Employees Plan Benefits

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

9. Defined Benefit Pension Plans – Statewide (Continued)

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

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

2. TRA Benefits

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

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

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

9. Defined Benefit Pension Plans – Statewide (Continued)

With these provisions:

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

b) 3 percent per year early retirement reduction 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

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

Tier II Benefits

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

Six different types of annuities are available to members upon retirement. The No Refund Life Plan is a lifetime annuity that ceases upon the death of the retiree - no survivor annuity is payable. A retiring member may also choose to provide survivor benefits to a designated beneficiary(ies) by selecting one of 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 also eligible for a refund of their employee contributions plus interest.

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

Contributions

1. General Employees Fund 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 percent of their annual covered salary in fiscal year 2024 and the District was required to contribute 7.50 percent for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2024 were $69,470. The District's contributions were equal to the required contributions as set by the state statute.

9. Defined Benefit Pension Plans – Statewide (Continued)

2. TRA Contributions

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

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

The District's contributions to the TRA Fund for the year ended June 30, 2024 were $332,920. The District's contributions were equal to the required contributions as set by the state statute.

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

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

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

Pension Costs

1. General Employees Fund Pension Costs

At June 30, 2024, the District reported a liability of $648,659 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled $18,002.

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0116 percent at the end of the measurement period and 0.0114 percent for the beginning of the period.

9. Defined Benefit Pension Plans – Statewide (Continued)

Pension Costs (Continued)

District's proportionate share of the net pension liability	$ 648,659
State of Minnesota's proportionate share of the net pension liability associated with the District	18,002
Total	$ 666,661

For the year ended June 30, 2024, the District recognized pension expense of $31,000 for its proportionate share of General Employees Plan's pension expense. In addition, the District recognized $81 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the annual $16 million contribution.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 21,214	$ 3,853
Net difference between projected and actual investment earnings	2,712	
Changes in actuarial assumptions	91,030	177,792
Changes in proportion	41,773	13,489
Contributions paid to PERA subsequent to the measurement date	68,167	
Total	$ 224,896	$ 195,134

The $68,167 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to General Employee Plan's pensions will be recognized in pension expense as follows:

Year ending June 30:	Pension Expense Amount
2025	$ 21,677
2026	(63,685)
2027	17,673
2028	(14,070)

9. Defined Benefit Pension Plans – Statewide (Continued)

Pension Costs (Continued)

2. TRA Pension Costs

On June 30, 2024, the District reported a liability of $5,052,809 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis and Minneapolis School District. The District's proportionate share was 0.0612 percent at the end of the measurement period and 0.0633 percent for 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:

District's proportionate share of the net pension liability	$	5,052,809
State of Minnesota's proportionate share of the net pension liability associated with the District		354,013
Total	$	5,406,822

For the year ended June 30, 2024, the District recognized pension expense of ($567,778). It also recognized $49,848 as an increase to pension expense for the support provided by direct aid.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 49,794	$ 74,125
Net difference between projected and actual investment earnings on pension plan investments		10,668
Changes of assumptions	605,868	
Changes in proportion	123,269	169,722
Contributions paid to TRA subsequent to the measurement date	362,366	
Total	$ 1,141,297	$ 254,515

The $362,366 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

9. Defined Benefit Pension Plans – Statewide (Continued)

Pension Costs (Continued)

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	$ 55,709
2026	(14,872)
2027	608,484
2028	(87,629)
2029	(37,276)

Aggregate Pension Costs

Pension expense recognized by the District for the fiscal year ended June 30, 2024 is as follows:

General Employees Retirement Fund	$ 31,081
TRA	(517,930)
Total	$ (486,849)

Long-Term Expected Return on Investment

1. General Employees Fund Long-Term Expected Return on Investment

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.50%	5.10%
Private Markets	25.00%	5.90%
Fixed Income	25.00%	0.75%
International Equity	16.50%	5.30%
Total	100%	

9. Defined Benefit Pension Plans – Statewide (Continued)

Long-Term Expected Return on Investment (Continued)

2. TRA Long-Term Expected Return on Investment

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.50%	5.10%
Private Markets	25.00%	5.90%
Fixed Income	25.00%	0.75%
International Equity	16.50%	5.30%
Total	100%	

Actuarial Methods and Assumptions

1. General Employees Fund 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 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0 percent was deemed to be within that range of reasonableness for financial reporting purposes.

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

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

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

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

9. Defined Benefit Pension Plans – Statewide (Continued)

Actuarial Methods and Assumptions (Continued)

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

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

2. TRA Actuarial Methods and Assumptions

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

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

9. Defined Benefit Pension Plans – Statewide (Continued)

Actuarial Methods and Assumptions (Continued)

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

Changes in actuarial assumptions since the 2022 valuation:

- The 2023 Tax Finance and Policy Bill, effective July 1, 2025:
  - The employer contribution rate will increase from 8.75% to 9.5% on July 1, 2025.
  - The employee contribution rate will increase from 7.75% to 8% on July 1, 2025.
  - The pension adjustment rate for school districts and the base budgets for Minnesota State, Perpich Center for Arts Education, and Minnesota Academies will increase to reflect the 0.75% employer contribution rate increase.
- The 2024 Omnibus Pensions and Retirement Bill:
  - The Normal Retirement Age (NRA) for active and eligible deferred Tier II members will be 65 effective July 1, 2024.
  - TRA's amortization date will remain the same at 2048.

Discount Rate

1. General Employees Fund Discount Rate

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

2. TRA Discount Rate

The discount rate used to measure the total pension liability was 7.0 percent. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2023 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

9. Defined Benefit Pension Plans – Statewide (Continued)

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:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
General Employees Retirement Fund Discount Rate	6.00%	7.00%	8.00%
District's proportionate share of the General Employees Retirement Fund net pension liability	$ 1,147,530	$ 648,659	$ 238,319
TRA Discount Rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	$ 8,058,859	$ 5,052,809	$ 2,591,991

Pension Plan Fiduciary Net Position

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

Detailed information about 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, 55103-4000; or by calling (651) 296-2409 or 1-800-657-3669.

10. Other Post Employment Benefit Plan

The District engaged an actuary to determine the District's liability for postemployment healthcare benefits other than pensions for the year ended June 30, 2024.

Plan Description

The District provides health insurance benefits for certain retired employees under a single-employer plan. The District provides benefits for retirees as required by state statute to active employees when eligible to receive a retirement benefit from the Public Employees Retirement Association (PERA) of Minnesota (or similar plan) and if they do not participate in any other health benefits program providing similar coverage.

Benefits Provided

These retirees will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the District's health benefits program. Retirees are required to pay 100% of the total premium cost. Since the premium is a blended rate determined on the entire active retiree population, the retirees are receiving an implicit rate subsidy. As of June 30, 2024 there were approximately 85 active participants and 9 retired participants in the District's group health plan.

Funding Policy

The required contribution is based on projected pay-as-you-go method under which contributions to the plan are generally made at the same time and in the same amount as retiree benefits and expenses become due.

10. Other Post Employment Benefit Plan (Continued)

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of date. The components of the total OPEB liability of the District at year-end were as follows:

Total OPEB liability	$ 772,548
Valuation Salary	4,564,643
Total OPEB liability as percentage of payroll	16.92%

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

10. Other Post Employment Benefit Plan (Continued)

The total OPEB liability was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Economic Assumptions:	
Discount Rate	3.90%
20-Year Municipal Bond Yield	3.90%
Inflation Rate	2.50%
Salary Increase	See sample rates in actuarial valuation report
Medical Trend Rate	6.50% as of July 1, 2023 grading to 5.00% over 6 years and then to 4.00% over the next 48 years
Dental	N/A
Other Assumptions	
Mortality	Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale
Disability Withdrawal Retirement Expenses	None See sample rates in actuarial valuation report See sample rates in actuarial valuation report Assumed paid outside of Plan
Percent Married	Current Retirees: Actual retiree/spouse elections used. Future Retirees: Males 85%, Females 65%
Age Difference	Actual spouse birthdate for current retirees (if provided). For all others, males assumed to be 3 years older than females.
Retiree Plan Participation	**Future Retirees Electing Coverage:** Pre-65 subsidy available: Superintendent 100% Teachers 50% Pre-65 subsidy not available: Para-professionals 10% All others 35% Note: 100% of retirees eligible for the medical subsidy are assumed to receive it.
Percent of Married Retirees Electing Spouse Coverage	**Percent Future Retirees Electing Pre-65 Spouse Coverage:** Spouse subsidy available: 100% Spouse subsidy not available: 25%
Benefits Not Included	Hayfield Community Schools provides access to life insurance during retirement. However, the implicit rate liability is not significant for life insurance and has not been included in this valuation.

The following changes in OPEB actuarial assumptions were changed during fiscal year 2024:

- Benefit Changes:
  - The District Services Coordinator is now eligible for paid family medical premiums, up to $20,000 per year, until age 65 after retirement with 14 years of service.

- Assumption Changes:
  - The health care trend rates and mortality tables were updated.
  - The inflation rate was changed from 2.00% to 2.50%.
  - The discount rate was changed from 3.80% to 3.90%.

10. Other Post Employment Benefit Plan (Continued)

Changes in Total OPEB Liability

	Total OPEB Liability
Beginning Balance 7/1/2023	$ 651,288
Changes for the Year	
Service Cost	33,181
Interest	23,908
Assumption Changes	6,480
Differences between Expected and Actual Experience	168,833
Plan Changes	545
Benefit Payouts	(111,687)
Net Changes	121,260
Balance End of Year 6/30/2024	$ 772,548

Total OPEB Liability Sensitivity to Discount and Health-Care Cost Trend Rate Changes

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

	Total OPEB Liability
1% decrease in Discount Rate (2.90%)	$ 738,631
Current Discount Rate (3.90%)	772,548
1% increase in Discount Rate (4.90%)	807,418

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

	Total OPEB Liability
1% decrease in Trend Rates	$ 732,271
Current Trend Rates	772,548
1% increase in Trend Rates	819,135

10. Other Post Employment Benefit Plan (Continued)

OPEB Related Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability losses/gains	$ 186,048	$ 78,918
Change in actuarial assumption	22,597	29,950
Contributions paid to OPEB subsequent to the measurement date	110,244	
Total	$ 318,889	$ 108,868

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:	Other Post-Employment Expense Amount
2025	$ 53,763
2026	10,033
2027	6,214
2028	6,210
2029	23,557

11. Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters and workers compensation. The District carries commercial insurance. Settled claims resulting from these risks have not exceeded the insurance coverage in any of the past three years. There was no reduction in insurance coverage during 2024.

The District has joined together with other school districts in southeastern Minnesota in the Southeast Service Cooperative Gross Self-Insured Health Insurance Plan, a public entity risk pool currently operating as a common risk management and insurance program for member districts. The District pays annual premium to this plan for its health insurance coverage. These premiums are used to purchase reinsurance through commercial companies. The administrators of the plan believe assessment to participating districts for future losses sustained is extremely remote.

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

12. Jointly Governed Organization

The Zumbro Education District No. 61-6012 was established by an act of the 1987 Legislature of the State of Minnesota. The primary objective of the District is to provide, by a cooperative effort, comprehensive educational programs and other related services can be effectively operated by its six member districts. Each member district shares in the cost of the programming, which is paid to the education district in the form of membership fees, reimbursements and other charges for services. The education district is able to recover the cost of its programs through the previously mentioned revenue sources. The jointed governed organization's financial statements are audited and available for inspection.

13. Tax Abatement

The District may enter into tax abatement agreements as authorized by Minnesota Abatement Laws under State Statutes Sections 469.1812, 469.1813 and 469.1815. Any parcel of property in the District qualifies for tax abatement. The District negotiates tax abatement agreements on an individual basis generally with the purpose of adding employment and or increasing the tax capacity of the parcel.

The District has made no commitments, other than tax abatement, under the agreements. The taxpayer submits property taxes annually and is reimbursed by the District for the abatement amount if the taxpayer has filed reports substantiating that it has met the employment levels stipulated in the agreement. The District had the following tax abatement agreements as of June 30, 2024.

Legacy of Brownsdale, LLC

The District entered into a tax abatement agreement in May 2018 for the purpose of construction of an assisted living facility with 32 beds and 25 employees. Under the agreement, 25.52% of the property taxes on facility improvements are abated annually for a fifteen-year period through 2033. There was no abatement of property taxes in the current year.

INDEPENDENT SCHOOL DISTRICT #203
HAYFIELD, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2024

INDEPENDENT SCHOOL DISTRICT #203
HAYFIELD, MINNESOTA

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

Total OPEB Liability

	2024	2023	2022	2021	2020	2019	2018
Service cost	$ 33,181	$ 26,780	$ 33,303	$ 39,973	$ 35,017	$ 34,689	$ 32,847
Interest cost	23,908	15,163	21,644	29,892	25,302	25,002	25,979
Changes of assumptions	6,480	(39,651)	16,724	22,939	(9,789)		
Plan Changes	545				21,749	24,919	
Difference between expected and actual	168,833		(138,108)		272,149		
Benefit payments	(111,687)	(92,084)	(121,347)	(175,113)	(84,142)	(68,203)	(110,281)
Net change in total OPEB liability	121,260	(89,792)	(187,784)	(82,309)	260,286	16,407	(51,455)
Total OPEB Liability - beginning of year	651,288	741,080	928,864	1,011,173	750,887	734,480	785,935
Total OPEB Liability - end of year	$ 772,548	$ 651,288	$ 741,080	$ 928,864	$ 1,011,173	$ 750,887	$ 734,480
Total OPEB Liability - End of Year	$ 772,548	$ 651,288	$ 741,080	$ 928,864	$ 1,011,173	$ 750,887	$ 734,480
Covered-Employee Payroll	$ 4,564,643	$ 4,608,658	$ 4,474,425	$ 4,060,579	$ 3,942,310	$ 3,947,567	$ 3,832,589
Total OPEB Liability as a Percentage of Covered-Employee Payroll	16.92%	14.13%	16.56%	22.88%	25.65%	19.02%	19.16%

Note: There are no assets in a trust to pay related benefits.

INDEPENDENT SCHOOL DISTRICT #203
HAYFIELD, MINNESOTA

Schedule of District's Contributions
PERA General Employee Retirement Funds
Last Ten Years

Fiscal Year Ended June 30	Pension Plan	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Payroll (b/c)
2015	PERA	$ 57,888	$ 57,888	$	$ 771,840	7.50%
2016	PERA	60,627	60,627		808,360	7.50%
2017	PERA	61,229	61,229		816,387	7.50%
2018	PERA	55,891	55,891		745,213	7.50%
2019	PERA	57,119	57,119		761,587	7.50%
2020	PERA	58,834	58,834		784,453	7.50%
2021	PERA	58,303	58,303		777,373	7.50%
2022	PERA	53,778	53,778		717,040	7.50%
2023	PERA	64,181	64,181		855,747	7.50%
2024	PERA	69,470	69,470		926,267	7.50%

Schedule of District's Contributions
TRA Retirement Funds
Last Ten Years

Fiscal Year Ended June 30	Pension Plan	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Payroll (b/c)
2015	TRA	$ 240,393	$ 240,393	$	$ 3,205,240	7.50%
2016	TRA	274,561	274,561		3,660,813	7.50%
2017	TRA	258,230	258,230		3,443,067	7.50%
2018	TRA	254,445	254,445		3,392,600	7.50%
2019	TRA	256,223	256,223		3,416,307	7.50%
2020	TRA	266,124	266,124		3,451,673	7.71%
2021	TRA	275,719	275,719		3,481,301	7.92%
2022	TRA	306,294	306,294		3,767,454	8.13%
2023	TRA	326,409	326,409		3,913,777	8.34%
2024	TRA	332,920	332,920		3,893,801	8.55%

INDEPENDENT SCHOOL DISTRICT #203
HAYFIELD, MINNESOTA

Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability
PERA General Employees Retirement Fund
Last Ten Years

Fiscal Year Ended June 30	District's Portion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability (Asset) Associated With the District (b)	District's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the District (a+b)	Covered Payroll (c)	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0166%	$ 779,785	$	$ 779,785	$ 771,840	101%	78.70%
2015	0.0140%	725,553		725,553	808,360	90%	78.20%
2016	0.0132%	1,071,775	13,922	1,085,697	816,387	133%	68.90%
2017	0.0116%	740,536	9,286	749,822	745,213	101%	75.90%
2018	0.0113%	626,878	20,614	647,492	761,587	85%	79.53%
2019	0.0111%	613,694	18,999	632,693	784,453	81%	80.23%
2020	0.0109%	653,505	20,087	673,592	777,373	87%	79.06%
2021	0.0100%	427,045	13,034	440,079	717,040	61%	87.00%
2022	0.0114%	902,884	26,618	929,502	855,747	109%	76.70%
2023	0.0116%	648,659	18,002	666,661	926,267	72%	83.10%

Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability
TRA
Last Ten Years

Fiscal Year Ended June 30	District's Portion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability (Asset) Associated With the District (b)	District's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the District (a+b)	Covered Payroll (c)	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0752%	$ 3,465,162	$ 243,799	$ 3,708,961	$ 3,205,240	116%	81.50%
2015	0.0721%	4,460,098	546,778	5,006,876	3,660,813	137%	76.80%
2016	0.0662%	15,790,280	1,583,958	17,374,238	3,443,067	505%	44.90%
2017	0.0630%	12,575,943	1,215,852	13,791,795	3,392,600	407%	51.57%
2018	0.0618%	3,883,802	364,655	4,248,457	3,416,307	124%	78.07%
2019	0.0608%	3,875,405	343,062	4,218,467	3,451,673	122%	78.07%
2020	0.0599%	4,425,492	370,756	4,796,248	3,481,301	138%	75.48%
2021	0.0630%	2,757,068	232,482	2,989,550	3,767,454	79%	86.63%
2022	0.0633%	5,068,729	375,923	5,444,652	3,913,777	139%	76.17%
2023	0.0612%	5,052,809	354,013	5,406,822	3,893,801	139%	76.42%

INDEPENDENT SCHOOL DISTRICT #203
HAYFIELD, MINNESOTA

SUPPLEMENTARY INFORMATION

JUNE 30, 2024

INDEPENDENT SCHOOL DISTRICT #203
HAYFIELD, MINNESOTA
COMPARATIVE BALANCE SHEET
GENERAL FUND
June 30, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents	$ 4,086,900	$ 3,825,117
Current property taxes receivable	821,391	1,177,543
Delinquent property taxes receivable	66,235	11,925
Accounts receivable	16,929	129
Due from other Minnesota school districts		35,196
Due from Minnesota Department of Education	888,921	717,439
Due from Federal through Minnesota Department of Education	273,671	176,217
Prepaid items	77,157	73,311
TOTAL ASSETS	$ 6,231,204	$ 6,016,877
Liabilities		
Accounts payable	$ 121,550	$ 100,835
Salaries and accrued liabilities		99,268
Due to other governmental units	167,830	
Due to other Minnesota school districts	180,763	51,798
Unearned revenue	145,800	126,749
TOTAL LIABILITIES	615,943	378,650
Deferred Inflows of Resources		
Unavailable revenue:		
Property taxes	66,235	11,925
Taxes levied for subsequent year	1,617,527	1,553,831
TOTAL DEFERRED INFLOWS OF RESOURCES	1,683,762	1,565,756
Fund Balances		
Nonspendable	77,157	73,311
Restricted	1,549,983	1,752,156
Assigned	1,049,908	1,089,794
Unassigned	1,254,451	1,157,210
TOTAL FUND BALANCES	3,931,499	4,072,471
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 6,231,204	$ 6,016,877

INDEPENDENT SCHOOL DISTRICT #203
HAYFIELD, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended June 30, 2024
With Partial Comparative Data for the Year Ended June 30, 2023

	Budgeted Amounts		2024	Over (Under)	2023
	Original	Final	Actual	Final Budget	Actual
Revenues					
Local sources:					
Property tax levies	$ 258,448	$ 434,355	$ 442,266	$ 7,911	$ 849,132
Investment income	2,500	2,500	38,285	35,785	37,624
State sources	573,159	396,596	395,081	(1,515)	599,308
TOTAL REVENUES	834,107	833,451	875,632	42,181	1,486,064
Expenditures					
Fiscal and other fixed cost programs	946,000	946,479	946,735	256	951,179
NET CHANGE IN FUND BALANCES	(111,893)	(113,028)	(71,103)	41,925	534,885
FUND BALANCE - BEGINNING	3,428,255	3,428,255	3,428,255		2,893,370
FUND BALANCE - ENDING	$ 3,316,362	$ 3,315,227	$ 3,357,152	$ 41,925	$ 3,428,255

INDEPENDENT SCHOOL DISTRICT #203
HAYFIELD, MINNESOTA
SUPPLEMENTAL COST SCHEDULES
For the Year Ended June 30, 2024 and 2023
(Unaudited)

Fiscal year Ended June 30, 2024	2023 - 2024 Expenditures	Cost Per Adjusted Average Daily Membership (All Funds)
District and school administration	$ 789,065	$ 1,235
District support services	550,431	861
Regular instruction	4,427,449	6,929
Vocational instruction	274,200	429
Special education	1,141,395	1,786
Community education and services	386,935	606
Instructional support services	178,243	279
Pupil support services	1,818,647	2,846
Site, buildings, and equipment	1,329,809	2,081
Fiscal and other fixed cost programs	1,019,126	1,595
TOTALS	$ 11,915,300	$ 18,647

2023 - 2024 Adjusted Average Daily Membership - 639.00

Fiscal year Ended June 30, 2023	2022 - 2023 Expenditures	Cost Per Adjusted Average Daily Membership (All Funds)
District and school administration	$ 754,032	$ 1,138
District support services	487,433	736
Regular instruction	4,256,699	6,425
Vocational instruction	247,436	374
Special education	1,108,690	1,674
Community education and services	230,688	348
Instructional support services	140,117	212
Pupil support services	1,634,707	2,468
Site, buildings, and equipment	1,281,624	1,935
Fiscal and other fixed cost programs	1,010,957	1,526
TOTALS	$ 11,152,383	$ 16,835

2022 - 2023 Adjusted Average Daily Membership - 662.47

INDEPENDENT SCHOOL DISTRICT #203
HAYFIELD, MINNESOTA

TAX LEVY HISTORY

	23 Pay 24 Fiscal 25	22 Pay 23 Fiscal 24	21 Pay 22 Fiscal 23	20 Pay 21 Fiscal 22	19 Pay 20 Fiscal 21
Tax Levy*					
General	$ 1,697,474	$ 1,625,073	$ 1,504,446	$ 1,487,971	$ 1,297,722
Community Service	44,390	38,250	43,117	37,462	39,760
Debt Redemption (Net)	1,383,219	771,948	1,386,717	1,305,218	1,393,043
TOTAL TAX LEVY	$ 3,125,083	$ 2,435,271	$ 2,934,280	$ 2,830,651	$ 2,730,525

* The tax levy includes property tax apportionments from Dodge, Mower, and Olmsted Counties and state aid credits from the State of Minnesota.

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INDEPENDENT SCHOOL DISTRICT #203
HAYFIELD, MINNESOTA

OTHER REQUIRED REPORTS

JUNE 30, 2024

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

To the Board of Education
Independent School District #203
Hayfield, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, and the provisions of the *Minnesota Legal Compliance Audit Guide for School Districts* promulgated by the Legal Compliance Task Force pursuant to Minnesota Statutes Section 6.65, the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Independent School District #203, Hayfield, Minnesota (the District), as of and for the year ended June 30, 2024, and the related notes to financial statements, which collectively comprises the District's basic financial statements and have issued our report thereon dated November 15, 2024.

Report On Internal Control over Financial Reporting

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

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

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

Report On Compliance and Other Matters

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

Minnesota Legal Compliance

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

Purpose of this Report

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

Smith, Schafer and Associates, Ltd.

Rochester, Minnesota
November 15, 2024

INDEPENDENT SCHOOL DISTRICT #203
HAYFIELD, MINNESOTA

COMPLIANCE TABLE

JUNE 30, 2024

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Fiscal Compliance Report - 6/30/2024
District: HAYFIELD (203-1)

01 GENERAL FUND

	Audit	UFARS	Audit - UFARS
Total Revenue	$9,943,947	$9,943,944	$3
Total Expenditures	$10,088,379	$10,088,378	$1
Non Spendable:			
4.60 Non Spendable Fund Balance	$77,157	$77,157	$0
Restricted / Reserved:			
4.01 Student Activities	$12,356	$12,356	$0
4.02 Scholarships	$6,796	$6,796	$0
4.03 Staff Development	$387,533	$387,533	$0
4.07 Capital Projects Levy	$0	$0	$0
4.08 Cooperative Revenue	$0	$0	$0
4.12 Literacy Incentive Aid	$19,702	$19,702	$0
4.14 Operating Debt	$0	$0	$0
4.16 Levy Reduction	$0	$0	$0
4.17 Taconite Building Maint	$0	$0	$0
4.20 American Indian Education Aid	$0	$0	$0
4.24 Operating Capital	$289,240	$289,240	$0
4.26 $25 Taconite	$0	$0	$0
4.27 Disabled Accessibility	$0	$0	$0
4.28 Learning & Development	$0	$0	$0
4.34 Area Learning Center	$0	$0	$0
4.35 Contracted Alt. Programs	$0	$0	$0
4.36 State Approved Alt. Program	$0	$0	$0
4.38 Gifted & Talented	$45,341	$45,341	$0
4.39 English Learner	$0	$0	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.41 Basic Skills Programs	$77,675	$77,675	$0
4.43 School Library Aid	$0	$0	$0
4.48 Achievement and Integration	$0	$0	$0
4.49 Safe Schools Levy	$25,667	$25,667	$0
4.51 QZAB Payments	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
4.53 Unfunded Sev & Retiremt Levy	$0	$0	$0
4.59 Basic Skills Extended Time	$0	$0	$0
4.67 LTFM	$597,803	$597,803	$0
4.71 Student Support Personnel Aid	$0	$0	$0
4.72 Medical Assistance	$87,870	$87,870	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
4.75 Title VII Impact Aid	$0	$0	$0
4.76 Payments in Lieu of Taxes	$0	$0	$0
Committed:			
4.18 Committed for Separation	$0	$0	$0
4.61 Committed Fund Balance	$0	$0	$0
Assigned:			
4.62 Assigned Fund Balance	$1,049,908	$1,049,909	($1)
Unassigned:			
4.22 Unassigned Fund Balance	$1,254,451	$1,254,450	$1

02 FOOD SERVICES

	Audit	UFARS	Audit - UFARS
Total Revenue	$603,308	$603,308	$0
Total Expenditures	$493,251	$493,251	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$853	$853	$0
Restricted / Reserved:			
4.52 OPEB Liab Not In Trust	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$603,378	$603,378	$0
Unassigned:			
4.63 Unassigned Fund Balancee	$0	$0	$0

04 COMMUNITY SERVICE

	Audit	UFARS	Audit - UFARS
Total Revenue	$389,539	$389,538	$1
Total Expenditures	$386,935	$386,936	($1)
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.26 $25 Taconite	$0	$0	$0
4.31 Community Education	$423,754	$423,754	$0
4.32 E.C.F.E	$4,554	$4,554	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.44 School Readiness	$68,676	$68,676	$0
4.47 Adult Basic Education	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
Unassigned:			
4.63 Unassigned Fund Balance	($5,095)	($5,095)	$0

06 BUILDING CONSTRUCTION

	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.07 Capital Projects Levy	$0	$0	$0
4.13 Funded by COP/FP	$0	$0	$0
4.67 LTFM	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

07 DEBT SERVICE

	Audit	UFARS	Audit - UFARS
Total Revenue	$875,632	$875,631	$1
Total Expenditures	$946,735	$946,734	$1
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.25 Bond Refundings	$0	$0	$0
4.33 Maximum Effort Loan Aid	$0	$0	$0
4.51 QZAB Payments	$2,985,762	$2,985,762	$0
4.67 LTFM	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$371,390	$371,390	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

08 TRUST

	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Restricted / Reserved:			
4.01 Student Activities	$0	$0	$0
4.02 Scholarships	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0

18 CUSTODIAL

	Audit	UFARS	Audit - UFARS
Total Revenue	$30,128	$30,128	$0
Total Expenditures	$2,900	$2,900	$0
Restricted / Reserved:			
4.01 Student Activities	$0	$0	$0
4.02 Scholarships	$102,668	$102,668	$0
4.48 Achievement and Integration	$0	$0	$0
4.64 Restricted Fund Balance	$0	$0	$0

20 INTERNAL SERVICE

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

25 OPEB REVOCABLE TRUST

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

45 OPEB IRREVOCABLE TRUST

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

47 OPEB DEBT SERVICE

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