

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448**

**FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2025



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAconnect.com](https://www.CLAconnect.com)

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2025**

INTRODUCTORY SECTION

BOARD OF EDUCATION AND ADMINISTRATION	1
----------------------------------------------	----------

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	2
-------------------------------------	----------

REQUIRED SUPPLEMENTARY INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS	6
---------------------------------------------	----------

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION	17
----------------------------------	-----------

STATEMENT OF ACTIVITIES	18
--------------------------------	-----------

BALANCE SHEET – GOVERNMENTAL FUNDS	20
-------------------------------------------	-----------

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION	22
---------------------------------------------------------------------------------------------------	-----------

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS	23
----------------------------------------------------------------------------------------------	-----------

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	25
----------------------------------------------------------------------------------------------------------------------------------------------------	-----------

STATEMENT OF FIDUCIARY FUND NET POSITION	26
-------------------------------------------------	-----------

STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION	26
------------------------------------------------------------	-----------

NOTES TO FINANCIAL STATEMENTS	27
--------------------------------------	-----------

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND	61
-----------------------------------------------------------------------------------------------------------	-----------

SCHEDULE OF CHANGES IN THE DISTRICT'S OPEB LIABILITY AND RELATED RATIOS	62
--------------------------------------------------------------------------------	-----------

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	63
------------------------------------------------------------------------------------	-----------

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2025**

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS	64
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	65
SUPPLEMENTARY INFORMATION	
NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET	74
NONMAJOR GOVERNMENTAL FUNDS COMBINING INCOME STATEMENT	75
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – FOOD SERVICE FUND	76
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – COMMUNITY SERVICE FUND	77
OTHER REQUIRED REPORTS	
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	78
INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE	80
SCHEDULE OF FINDINGS AND RESPONSES	81
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS COMPLIANCE TABLE	84

INTRODUCTORY SECTION

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
BOARD OF EDUCATION AND ADMINISTRATION
YEAR ENDED JUNE 30, 2025**

BOARD OF EDUCATION

Sarah Rohman	Chairperson
Jeff Scholl	Vice Chairperson
Laura Borchardt	Clerk
Mark Wohlhuter	Treasurer
Danielle Wilmes	Board Member
Darren Thate	Board Member
Nathan Vrieze	Board Member

ADMINISTRATION

Cori Reynolds	Superintendent
---------------	----------------

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Education
Martin County West Schools
Independent School District No. 2448
Sherburn, 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 Martin County West Schools Independent School District No. 2448 (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The nonmajor governmental funds combining balance sheet and combining statement of revenues, expenditures and changes in fund balances, the Food Service Fund budgetary comparison information, the Community Service Fund budgetary comparison information, and the Uniform Financial Accounting and Reporting Standards Compliance Table is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the nonmajor governmental funds combining balance sheet and combining statement of revenues, expenditures and changes in fund balances, the Food Service Fund budgetary comparison, the Community Service Fund budgetary comparison information, and the Uniform Financial Accounting and Reporting Standards Compliance Table and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Board of Education
Martin County West Schools
Independent School District No. 2448

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Rochester, Minnesota
February 4, 2026

REQUIRED SUPPLEMENTARY INFORMATION

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

This section of Independent School District No. 2448's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2025. Please read it in conjunction with the District's financial statements, which immediately follow this section. The Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in June 1999.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2024-2025 fiscal year include the following:

- General Fund – The general fund balance increased from \$3,924,758 as of June 30, 2024, to \$4,424,715 as of June 30, 2025. This was an increase of \$499,957.
- Food Service Fund – The food service fund balance increased from \$297,192 as of June 30, 2024, to \$354,574 as of June 30, 2025. This was an increase of \$57,382.
- Community Service Fund – The community service fund balance increased \$15,538 from (\$222,304) as of June 30, 2024, to (\$206,766) as of June 30, 2025.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditors' Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first of the 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.

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.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

District-Wide Statements (Continued)

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

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

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

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

Fund Financial Statements

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

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

The District has two 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 at the bottom of the governmental funds statements that explains the relationship (or differences) between them.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements (Continued)

- *Fiduciary funds* – The District is the trustee, or fiduciary, for the assets that belong to others, such as the scholarships funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's *combined* net position was \$306,401 on June 30, 2025. Net position decreased by \$827,553 from the prior year. Net position is impacted by GASB 68 which requires school districts to place its share of net pension liabilities in their financial statements. The decrease in deferred outflows of resources is due to a decrease of pension related outflows due to changes in actuarial assumptions. Net position also decreased as a result of adopting GASB 101 in fiscal year 2025, which affected the measurement of liabilities for compensate absences.

**Table A-1
The District's Net Position**

	Governmental Activities as of June 30,		Percentage
	2025	2024	Change
Current and Other Assets	\$ 81,164,386	\$ 7,214,693	1024.99 %
Capital Assets	12,406,398	10,086,769	23.00
Total Assets	93,570,784	17,301,462	440.83
Deferred Outflows of Resources	1,234,384	1,381,519	(10.65)
Current Liabilities	4,816,663	2,020,059	138.44
Long-Term Liabilities	80,320,725	12,150,809	561.03
Total Liabilities	85,137,388	14,170,868	500.79
Deferred Inflows of Resources	9,361,379	3,378,159	177.11
Net Position:			
Net Investment in Capital Assets	3,663,806	2,983,032	22.82
Restricted	2,550,069	2,019,127	26.30
Unrestricted	(5,907,474)	(3,868,205)	52.72
Total Net Position	\$ 306,401	\$ 1,133,954	(72.98)

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in Net Position

The District's total revenues were \$13,497,262 for the year ended June 30, 2025. Charges for services increased by \$20,501. The increase in operating grants and contributions is due to an increase in state aid from increased enrollment and an increase to the state formula. Property taxes and unrestricted state aid accounted for approximately 58% of total revenues, 39% came from program revenues and investment earnings and less than 3% from other sources.

**Table A-2
Change in Net Position**

	Governmental Activities for the Fiscal Year Ended June 30,		Percentage
	2025	2024	Change
Revenues			
<u>Program Revenues</u>			
Charges for Services	\$ 520,092	\$ 499,591	4.10 %
Operating Grants and Contributions	2,837,387	2,709,797	4.71
Capital Grants and Contributions	110,704	-	-
<u>General Revenues</u>			
Property Taxes	1,776,870	1,695,950	4.77
Unrestricted State Aid	6,081,787	5,833,906	4.25
Investment Earnings	1,769,616	178,799	889.72
Gain on Sale of Capital Assets	44,109	3,520	N/A
Other	356,697	273,413	30.46
Total Revenues	<u>13,497,262</u>	<u>11,194,976</u>	20.57
Expenses			
Administration	737,011	703,827	4.71
District Support Services	364,242	344,736	5.66
Regular Instruction	4,391,824	3,861,609	13.73
Vocational Education Instruction	193,117	207,301	(6.84)
Special Education Instruction	1,629,390	1,423,736	14.44
Instructional Support Services	542,846	620,050	(12.45)
Pupil Support Services	1,015,215	908,564	11.74
Sites and Buildings	2,202,375	1,987,396	10.82
Fiscal and Other Fixed Cost Programs	180,222	193,523	(6.87)
Food Service	524,580	513,298	2.20
Community Service	162,056	326,757	(50.40)
Interest and Fiscal Charges on Long-Term Liabilities	2,381,937	62,262	3725.67
Total Expenses	<u>14,324,815</u>	<u>11,153,059</u>	28.44
Change in Net Position	(827,553)	41,917	
Net Position - Beginning	1,133,954	1,092,037	
Net Position - Ending	<u>\$ 306,401</u>	<u>\$ 1,133,954</u>	

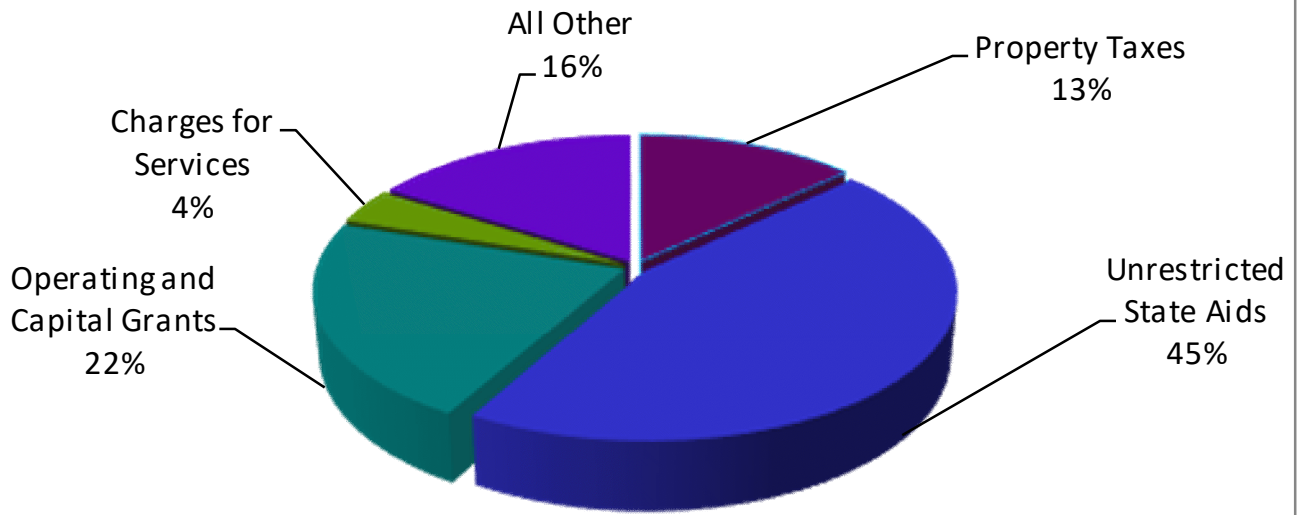
Net position decreased in part due to accrued interest payable on the District's school building bonds, Series 2024A, which were issued in August 2024. The first interest payment on the Series 2024A bonds is due on August 1, 2025.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

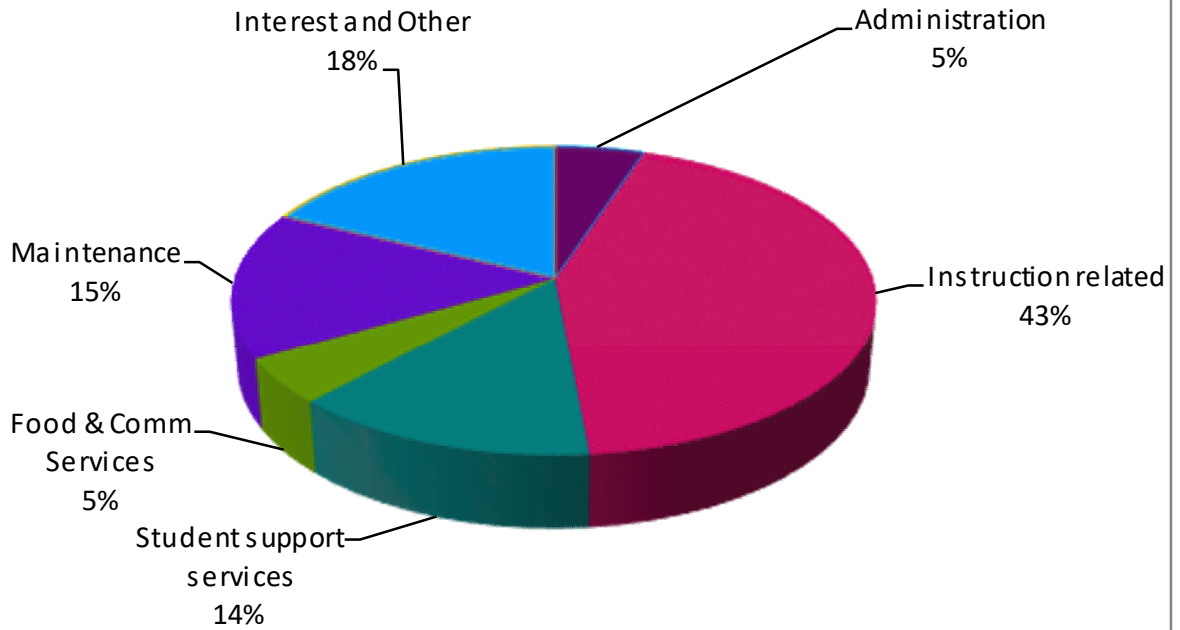
The cost of all *governmental* activities in fiscal year 2025 was \$14,324,815. Regular, vocational, and special education instruction accounted for approximately 43% of total general fund expenditures while 14% came from support services, and 15% from sites and buildings. Another 5% was attributed to administrative costs.

**Figure A-1
Sources of District's Revenues for Fiscal 2025**



MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025

Figure A-2
District Expenses for Fiscal 2025



**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

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

**Table A-3
Program Expenses and Net Cost of Services**

	Total Cost of Services			Net Cost of Services		
	2025	2024	Percentage Change	2025	2024	Percentage Change
Administration	\$ 737,011	\$ 703,827	4.71%	\$ 737,011	\$ 703,827	4.71%
District Support Services	364,242	344,736	5.66%	364,242	344,736	5.66%
Regular Instruction	4,391,824	3,861,609	13.73%	3,086,858	2,456,943	25.64%
Vocational Education Instruction	193,117	207,301	-6.84%	193,117	207,301	-6.84%
Special Education Instruction	1,629,390	1,423,736	14.44%	318,568	465,973	-31.63%
Instructional Support Services	542,846	620,050	-12.45%	442,167	519,861	-14.95%
Pupil Support Services	1,015,215	908,564	11.74%	1,015,215	910,884	11.45%
Sites and Buildings	2,202,375	1,987,396	10.82%	2,146,647	1,987,396	8.01%
Fiscal and Other Fixed Cost Programs	180,222	193,523	-6.87%	180,222	193,523	-6.87%
Food Service	524,580	513,298	2.20%	(35,216)	(70,160)	-49.81%
Community Service	162,056	326,757	-50.40%	25,864	161,125	-83.95%
Interest and Fiscal Charges on Long-Term Liabilities	2,381,937	62,262	3725.67%	2,381,937	62,262	3725.67%
Total	\$ 14,324,815	\$ 11,153,059	28.44%	\$ 10,856,632	\$ 7,943,671	36.67%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Prior to the start of each fiscal year, the Board of Education adopts its original budget in order to comply with state statute. Upon completion of the prior year financial statements, a revised budget is approved including updated fund balances, federal awards, revenues, and expenditure projections. If significant events take place during the year, the Board is allowed to make additional budget revisions. However, the Board typically approves one original budget and one revised budget each year.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

GENERAL FUND

When analyzing the general fund, it is important to note that accounts are classified into one of the following GASB 54 fund balance categories: Nonspendable, Restricted, Committed, Assigned, and Unassigned.

- Nonspendable – Amounts that cannot be spent because they are not in a spendable form (prepaid items and inventory) or amounts legally or contractually required to be maintained. The District ended the year with a fund balance of \$7,545 in this area.
- Restricted – Funds subject to externally enforceable legal restrictions. Accounts for student activities, operating capital, basic skills, safe schools, LTFM, and medical assistance had a combined year-end fund balance of \$2,087,467.
- Committed – Funds constrained for a specific purpose by a government using its highest decision-making authority. The Board of Education did not have any committed funds in fiscal year 2024.
- Assigned – Funds constrained with the intent to be used for a specific purpose. The Board of Education did not have any assigned funds in fiscal year 2024.
- Unassigned – Funds not classified under any of the preceding categories. This category is used for the majority of the District’s accounts and had a year-end fund balance of \$2,329,703.

Enrollment

Student enrollment is a key component used to determine the amount of aid a school district receives. The following chart highlights the recent ADM history at Martin County West Public Schools.

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

Grade	2021	2022	2023	2024	2025
EC	4	3	2	1	5
HK	9	7	4	-	3
Kdgt.	42	43	38	45	48
1-3	138	148	147	141	136
4-6	141	136	141	142	150
7-12	336	340	326	294	289
Total K-12 ADM	670	677	658	623	631
ADM Change	(33)	7	(19)	(36)	8
Percent Change	-4.6%	1.0%	-2.7%	-5.4%	1.3%

The District’s ADM in 2025 increased by eight students from the prior year.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

GENERAL FUND (CONTINUED)

The following schedule presents a summary of General Fund Revenues.

**Table A-5
General Fund Revenues**

	Year Ended		Change	
	June 30, 2025	June 30, 2024	Increase (Decrease)	Percentage Change
Local Sources:				
Property Taxes	\$ 1,346,667	\$ 1,368,391	\$ (21,724)	(1.6)%
Earnings on Investments	334,303	161,973	172,330	106.4
Other	657,719	604,231	53,488	8.9
State Sources	7,878,300	7,512,613	365,687	4.9
Federal Sources	161,997	252,615	(90,618)	(35.9)
Total General Fund Revenue	<u>\$ 10,378,986</u>	<u>\$ 9,899,823</u>	<u>\$ 479,163</u>	4.8

General Fund revenue increased \$479,163 or 4.8% from the previous year. This change was due primarily to increases in enrollment, formula increases, interest earnings, and miscellaneous revenue.

The following schedule presents a summary of General Fund Expenditures.

**Table A-6
General Fund Expenditures**

	Year Ended		Change	
	June 30, 2025	June 30, 2024	Increase (Decrease)	Percentage Change
Salaries	\$ 5,475,300	\$ 5,558,853	\$ (83,553)	-1.5%
Employee Benefits	1,382,864	1,452,375	(69,511)	-4.8%
Purchased Services	2,248,197	1,970,026	278,171	14.1%
Supplies and Materials	631,442	690,461	(59,019)	-8.5%
Capital Expenditures	130,035	216,707	(86,672)	-40.0%
Other Expenditures	61,541	62,690	(1,149)	-1.8%
Total Expenditures	<u>\$ 9,929,379</u>	<u>\$ 9,951,112</u>	<u>\$ (21,733)</u>	-0.2%

General Fund expenditures decreased \$21,733 or .2% from the previous year.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

GENERAL FUND (CONTINUED)

General Fund Budgetary Highlights

The District approved its original budget in June 2024 and a revised budget in March 2025. Several changes were made including updates to fund balances, staffing, and student enrollment projections.

Total audited revenue was \$10,378,986 compared to a revised budget of \$9,546,127. This variance of \$832,859 was 9% above budget. General Fund expenditures came in \$499,460 above the revised budget.

OTHER MAJOR FUNDS

Capital Projects Fund

The Capital Projects Fund recorded proceeds from the sale of the District's school building bonds, Series 2024A, of \$70,914,675, which were sold in August 2024. The Capital Projects Fund expenditures relate to the construction of the District's new preK-12 school building in Sherburne, Minnesota.

Debt Service Fund

The Debt Service Fund balance decreased slightly from \$269,709 as of June 30, 2024, to \$261,298 as of June 30, 2025.

NONMAJOR FUNDS

Food Service Fund

The Food Service Fund balance increased to \$354,574 fund balance. Revenues were \$581,962, which was \$72,112 above the revised budget. Expenditures were \$524,579, which was \$38,449 above the revised budget.

Community Service Fund

Community Service Fund – The community service fund balance increased \$15,538 from (\$222,304) in FY24 to (\$206,766) in FY25.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2025, capital assets, net of depreciation, totaled \$12,406,398. This is an increase of \$2,319,629 or 23% from the prior year and is primarily due to construction in progress on the District's new preK-12 school building in Sherburne, Minnesota. More detailed information can be found in Note 3 of the financial statements.

**Table A-7
Capital Assets**

	2025	2024	Percentage Change
Land	\$ 211,662	\$ 176,662	19.8 %
Construction in Progress	3,299,167	-	-
Land Improvements	1,684,652	1,684,652	-
Buildings and Improvements	20,204,471	20,146,393	0.3
Equipment	7,080,076	7,034,461	0.6
Less: Accumulated Depreciation	<u>(20,073,630)</u>	<u>(18,955,399)</u>	5.9
Total General Fund Expenditures	<u>\$ 12,406,398</u>	<u>\$ 10,086,769</u>	23.0

Long-Term Liabilities

As of June 30, 2025, the District had long-term liabilities of \$77,022,526. Long-term liabilities increased significantly from the prior year due to issuance of the District's school building bonds, Series 2024A, which were sold in August 2024.

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

	2025	2024	Percentage Change
General Obligation Bonds	\$ 70,060,000	\$ 5,875,000	1092.5 %
Bond Premiums	6,774,953	701,357	866.0
Severance Benefits Payable	40,100	68,840	(41.7)
Compensated Absences Payable	147,473	55,596	165.3
Total Long-Term Liabilities	<u>\$ 77,022,526</u>	<u>\$ 6,700,793</u>	1049.5
Long-Term Liabilities:			
Due Within One Year	\$ 1,498,652	\$ 780,515	
Due in More Than One Year	75,523,874	5,920,278	
Total	<u>\$ 77,022,526</u>	<u>\$ 6,700,793</u>	

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

FACTORS BEARING ON THE DISTRICT'S FUTURE

Changes made to federal and state funding and decisions made by the Board of Education have a direct impact on the District's financial position.

Basic Formula Allowance – During the legislative session of 2025, legislators approved increases in the basic formula allowance of up to 3% annually and indexed to inflation starting in FY2026. These increases will help with rising costs and continue to be important in light of our enrollment history.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide an overview of the District's finances for the year ended June 30, 2024. If you have questions about this report, inquiries may be sent to Independent School District No. 2448, Office of the Superintendent, 105 East 5th Street, Sherburn, Minnesota 56171.

BASIC FINANCIAL STATEMENTS

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
STATEMENT OF NET POSITION
JUNE 30, 2025**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 75,644,714
Receivables:	
Property Taxes	4,533,161
Other Governments	948,256
Other	22,184
Prepaid Items	7,545
Inventory	8,526
Capital Assets:	
Land and Construction in Progress	3,510,829
Other Capital Assets, Net of Depreciation	8,895,569
Total Assets	93,570,784
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related	1,145,603
Other Postemployment Benefit Related	88,781
Total Deferred Outflows of Resources	1,234,384
LIABILITIES	
Salaries Payable	792,920
Accounts and Contracts Payable	107,939
Accrued Interest	2,415,561
Unearned Revenue	1,591
Long-Term Liabilities:	
Portion Due Within One Year	1,498,652
Portion Due in More Than One Year	75,523,874
Net Pension Liability	4,372,624
Other Postemployment Benefit Liability-Due Within One Year	79,033
Other Postemployment Benefit Liability-Due in More Than One Year	345,194
Total Liabilities	85,137,388
DEFERRED INFLOWS OF RESOURCES	
Property Taxes Levied for Subsequent Year	7,013,995
Gains on Debt Refunding	270,624
Pension Related	1,995,709
Other Postemployment Benefit Related	81,051
Total Deferred Inflows of Resources	9,361,379
NET POSITION	
Net Investment in Capital Assets	3,663,806
Restricted for:	
Operating Capital Purposes	766,123
State-Mandated Reserves	1,321,344
Food Service	354,574
Community Service	108,028
Unrestricted	(5,907,474)
Total Net Position	\$ 306,401

See accompanying Notes to Financial Statements.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Functions	Expenses	Charges for Services	Program Operating Grants and Contributions
GOVERNMENTAL ACTIVITIES			
Administration	\$ 737,011	\$ -	\$ -
District Support Services	364,242	-	-
Regular Instruction	4,391,824	249,391	1,000,884
Vocational Education Instruction	193,117	-	-
Special Education Instruction	1,629,390	115,111	1,195,711
Instructional Support Services	542,846	-	99,403
Pupil Support Services	1,015,215	-	-
Sites and Buildings	2,202,375	991	-
Fiscal and Other Fixed Cost Programs	180,222	-	-
Food Service	524,580	42,719	517,077
Community Service	162,056	111,880	24,312
Interest and Fiscal Charges on Long-Term Liabilities	2,381,937	-	-
Total School District	<u>\$ 14,324,815</u>	<u>\$ 520,092</u>	<u>\$ 2,837,387</u>

GENERAL REVENUES

Property Taxes Levied for:
 General Purposes
 Community Service
 Debt Service
State Aid Not Restricted to Specific Purposes
Earnings on Investments
Gain on Sale of Capital Assets
Miscellaneous
Total General Revenues

CHANGE IN NET POSITION

Net Position - Beginning

NET POSITION - END OF YEAR

See accompanying Notes to Financial Statements.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Revenues	Net (Expense) Revenue and Change in Net Position
Capital Grants and Contributions	Total Governmental Activities
\$ -	\$ (737,011)
-	(364,242)
54,691	(3,086,858)
-	(193,117)
-	(318,568)
1,276	(442,167)
-	(1,015,215)
54,737	(2,146,647)
-	(180,222)
-	35,216
-	(25,864)
-	(2,381,937)
\$ 110,704	(10,856,632)

1,359,768
65,143
351,959
6,081,787
1,769,616
44,109
356,697
10,029,079
(827,553)
1,133,954
\$ 306,401

See accompanying Notes to Financial Statements.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2025**

	Major Funds		
	General	Capital Projects	Debt Service
ASSETS			
Cash and Investments	\$ 4,359,496	\$ 68,827,583	\$ 2,070,872
Receivables:			
Current Property Taxes	575,154	-	3,909,443
Delinquent Property Taxes	17,048	-	3,725
Accounts and Interest Receivable	22,184	-	-
Due from Minnesota Department of Education	870,311	-	37,810
Due from Federal through Minnesota Department of Education	37,208	-	-
Due from Other Funds	577,132	-	-
Prepaid Items	7,545	-	-
Inventory	-	-	-
Total Assets	<u>\$ 6,466,078</u>	<u>\$ 68,827,583</u>	<u>\$ 6,021,850</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Salaries and Payroll Deductions Payable	\$ 728,150	\$ -	\$ -
Contributions Payable	-	-	-
Accounts and Contracts Payable	107,937	-	-
Due to Other Funds	-	434,937	-
Unearned Revenue	-	-	-
Total Liabilities	<u>836,087</u>	<u>434,937</u>	<u>-</u>
Deferred Inflows of Resources:			
Property Taxes Levied for Subsequent Year	1,188,228	-	5,756,827
Unavailable Revenue - Delinquent Property Taxes	17,048	-	3,725
Total Deferred Inflows of Resources	<u>1,205,276</u>	<u>-</u>	<u>5,760,552</u>
Fund Balances:			
Nonspendable:			
Prepaid Items	7,545	-	-
Inventory	-	-	-
Restricted for:			
Student Activities	181,631	-	-
Scholarships	1,000	-	-
Staff Development	39,258	-	-
Student Support Personnel Aid	80,000	-	-
Operating Capital	766,123	-	-
Learning and Development	19,635	-	-
Community Education Programs	-	-	-
Early Childhood and Family Education Programs	-	-	-
Basic Skills Programs	425,825	-	-
Basic Skills Extended Time	-	-	-
Safe Schools Crime - Crime Levy	11,898	-	-
Long-Term Facilities Maintenance	247,882	-	-
Medical Assistance	283,229	-	-
Other Purposes	-	-	261,298
READ Act - Literacy Aid	17,764	-	-
READ Act - Tchr Training Compensation	13,222	-	-
Building Construction	-	68,392,646	-
Unassigned	2,329,703	-	-
Total Fund Balances	<u>4,424,715</u>	<u>68,392,646</u>	<u>261,298</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,466,078</u>	<u>\$ 68,827,583</u>	<u>\$ 6,021,850</u>

See accompanying Notes to Financial Statements.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2025**

	Other Governmental Funds		Total Governmental Funds
\$	386,763	\$	75,644,714
	27,088		4,511,685
	703		21,476
	-		22,184
	2,927		911,048
	-		37,208
	-		577,132
	-		7,545
	8,526		8,526
	<u>\$ 426,007</u>		<u>\$ 81,741,518</u>
\$	63,947	\$	792,097
	823		823
	-		107,937
	142,195		577,132
	1,591		1,591
	<u>208,556</u>		<u>1,479,580</u>
	68,940		7,013,995
	703		21,476
	<u>69,643</u>		<u>7,035,471</u>
	-		7,545
	8,526		8,526
	-		181,631
	-		1,000
	-		39,258
	-		80,000
	-		766,123
	-		19,635
	83,537		83,537
	21,881		21,881
	-		425,825
	-		-
	-		11,898
	-		247,882
	-		283,229
	347,955		609,253
	-		17,764
	-		13,222
	-		68,392,646
	(314,091)		2,015,612
	<u>147,808</u>		<u>73,226,467</u>
	<u>\$ 426,007</u>		<u>\$ 81,741,518</u>

See accompanying Notes to Financial Statements.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2025**

Total Fund Balance for Governmental Funds \$ 73,226,467

Total net position reported for governmental activities in the Statement of Net Position is different because:

Capital assets used in governmental funds are not financial resources and, therefore are not reported in the funds. Those assets consist of:

Land	211,662
Construction in Progress	3,299,167
Land Improvements, Net of Accumulated Depreciation	214,559
Buildings and Improvements, Net of Accumulated Depreciation	7,988,888
Equipment, Net of Accumulated Depreciation	692,122

Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore are reported as Deferred Inflows of Resources in the funds. 21,474

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. (2,415,561)

The District's Net Pension Liability and related Deferred Outflows and Inflows of Resources are recorded only on the Statement of Net Position. Balances at year-end are:

Net Pension Liability	(4,372,624)
Deferred Outflows of Resources - Pension Related	1,145,603
Deferred Inflows of Resources - Pension Related	(1,995,709)

The District's Other Postemployment Benefit Liability and related Deferred Outflows and Inflows of Resources are recorded only on the Statement of Net Position. Balances at year-end are:

Other Postemployment Benefit Liability	(424,227)
Deferred Outflows of Resources - Other Postemployment Benefit Related	88,781
Deferred Inflows of Resources - Other Postemployment Benefit Related	(81,051)

Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the Statement of Net Position. Balances at year-end are:

Bonds Payable	(70,060,000)
Unamortized Premiums	(6,774,953)
Gain on Refunding	(270,624)
Severance Payable	(40,100)
Compensated Absences Payable	(147,473)

Total Net Position of Governmental Activities \$ 306,401

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025**

	Major Funds		
	General	Food Service	Community Service
REVENUES			
Local Sources:			
Property Taxes	\$ 1,346,667	\$ -	\$ -
Investment Income	334,303	-	-
Other	657,719	-	-
State Sources	7,878,300	-	-
Federal Sources	161,997	-	-
Total Revenues	<u>10,378,986</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current:			
Administration	766,893	-	-
District Support Services	368,199	-	-
Elementary and Secondary Regular Instruction	4,234,541	-	-
Vocational Education Instruction	206,521	-	-
Special Education Instruction	1,605,393	-	-
Instructional Support Services	561,743	-	-
Pupil Support Services	910,145	-	-
Sites and Buildings	964,758	-	-
Fiscal and Other Fixed Cost Programs	181,151	-	-
Food Service	-	-	-
Community Service	-	-	-
Capital Outlay	130,035	-	-
Debt Service:			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	<u>9,929,379</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	449,607	-	-
OTHER FINANCING SOURCES (USES)			
Sale of Real Property	44,109	-	-
Sale of Equipment	-	-	-
Insurance Recovery	6,241	-	-
Proceeds from refunding bonds	-	-	-
Bond Premium	-	-	-
Total Other Financing Sources (Uses)	<u>50,350</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	499,957	-	-
Fund Balances - Beginning of Year, as Originally Reported	3,924,758	297,192	(222,304)
Change Within the Financial Reporting Entity	<u>-</u>	<u>(297,192)</u>	<u>222,304</u>
Fund Balances - Beginning of Year, as Adjusted	<u>3,924,758</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 4,424,715</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Major Funds		Other Governmental Funds	Total Governmental Funds
Capital Projects	Debt Service		
\$ -	\$ 350,244	\$ 64,677	\$ 1,761,588
1,418,186	10,733	6,394	1,769,616
-	-	187,885	845,604
-	378,112	344,436	8,600,848
-	-	314,663	476,660
<u>1,418,186</u>	<u>739,089</u>	<u>918,055</u>	<u>13,454,316</u>
-	-	-	766,893
-	-	-	368,199
-	-	-	4,234,541
-	-	-	206,521
-	-	-	1,605,393
-	-	-	561,743
-	-	-	910,145
-	-	-	964,758
-	-	-	181,151
-	-	524,580	524,580
-	-	320,155	320,155
3,335,506	-	400	3,465,941
-	515,000	-	515,000
604,709	232,500	-	837,209
<u>3,940,215</u>	<u>747,500</u>	<u>845,135</u>	<u>15,462,229</u>
(2,522,029)	(8,411)	72,920	(2,007,913)
-	-	-	44,109
-	-	-	-
-	-	-	6,241
64,700,000	-	-	64,700,000
<u>6,214,675</u>	<u>-</u>	<u>-</u>	<u>6,214,675</u>
<u>70,914,675</u>	<u>-</u>	<u>-</u>	<u>70,965,025</u>
68,392,646	(8,411)	72,920	68,957,112
-	269,709	-	4,269,355
-	-	74,888	-
<u>-</u>	<u>-</u>	<u>74,888</u>	<u>-</u>
<u>-</u>	<u>269,709</u>	<u>74,888</u>	<u>4,269,355</u>
<u>\$ 68,392,646</u>	<u>\$ 261,298</u>	<u>\$ 147,808</u>	<u>\$ 73,226,467</u>

See accompanying Notes to Financial Statements.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGE IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Net Change in Fund Balances - Total Governmental Funds \$ 68,957,112

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

Governmental funds report capital outlays and acquisition of right-to-use assets as expenditures. However, in the Statement of Activities are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation or amortization expense.

Capital Outlays	3,437,860
Gain (Loss) on Disposal of Capital Assets	44,109
Proceeds from the Sales of Capital Assets	(44,109)
Depreciation Expense	(1,118,231)

Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore are unavailable in the governmental funds. 15,280

Pension expenditures in the governmental funds are measured by current year employer contributions. Pension expenses in the Statement of Activities are measured by the change in Net Pension Liability and the related Deferred Outflows and Inflows of Resources. 408,762

Other postemployment benefit expenditures in the governmental funds are measured by current year benefit payments. Other postemployment benefit expense in the Statement of Activities is measured by the change in total OPEB liability and the related Deferred Outflows and Inflows of Resources. 85,813

In the Statement of Activities, certain operating expenses - compensated absences payable - 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). (63,137)

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums, discounts and similar items 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 obligation bonds and related items is as follows:

General Obligation Bond Proceeds	(64,700,000)
Bond Premium or Discount	(6,214,675)
Repayment of Bond Principal	515,000
Change in Accrued Interest Liability	(2,319,478)
Amortization of Gain on Refunding	27,062
Amortization of Bond Premium	141,079
	141,079

Change in Net Position of Governmental Activities \$ (827,553)

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
STATEMENT OF FIDUCIARY FUND NET POSITION
JUNE 30, 2025**

	Custodial Fund
ASSETS	
Cash and Investments	\$ 8,434
Total Assets	\$ 8,434
NET POSITION	
Restricted for Scholarships	\$ 7,954
Restricted for Student Activities	480
Total Net Position	\$ 8,434

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
YEAR ENDED JUNE 30, 2025**

	Custodial Fund
ADDITIONS	
Gifts and Donations	\$ 480
Total Additions	480
CHANGE IN NET POSITION	480
Net Position - Beginning of Year	7,954
NET POSITION - END OF YEAR	\$ 8,434

See accompanying Notes to Financial Statements.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Independent School District No. 2448 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB pronouncements are recognized as accounting principles generally accepted in the United States of America for state and local governments.

B. Financial Reporting Entity

Independent School District No. 2448 (the District) is an instrumentality of the state of Minnesota established to function as an education institution. The elected Board of Education (the Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

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

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

Student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside of school hours. The Board establishes broad policies and ensures that appropriate financial records are maintained for student activities, as well as controls and is financial accountable for these activities. Accordingly, the accounts and transactions for the extracurricular student activities are included in the financial statements within the General Fund.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation

The District-Wide Financial Statements (i.e., the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the Fiduciary Fund. The Fiduciary Fund is only reported in the Statement of 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 is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational; or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Separate fund financial statements are provided for Governmental 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; custodial fund. 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 Financial Statements.

D. Measurement Focus, Basis of Accounting, and Description of Funds

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The District-Wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the Fiduciary Fund Financial Statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are generally recognized as revenues in the fiscal year for which they are levied, except for 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.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus, Basis of Accounting, and Description of Funds (Continued)

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

Revenue Recognition – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes and the accounting principles generally accepted in the United States of America. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales, community education tuition, and other miscellaneous revenue (except investment earnings) are recorded as revenue when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A six-month availability period is generally used for other fund revenue.

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

Description of Funds

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

Major Governmental Funds

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

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

Capital Projects Fund – The Capital Projects Fund accounts for financial resources related to debt issued for the school building projects.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Measurement Focus, Basis of Accounting, and Description of Funds
(Continued)**

Nonmajor Governmental Funds

Community Service Special Revenue Fund – The Community Service Special Revenue Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, veterans, adult or early childhood programs or other similar services. Revenues for the Community Service Special Revenue Fund are composed of user fees, local levy dollars, state tax credits, and aid from the state government. These revenues are restricted for the Community Service Special Revenue Fund.

Food Service Special Revenue Fund – The Food Service Fund is used to account for food service revenues and expenditures. Revenues for the Food Service Special Revenue Fund are composed of user fees and reimbursements from the federal and state governments. These revenues are restricted for the Food Service Special Revenue Fund.

Fiduciary Funds

Custodial Fund – The Custodial fund is used to account for resources held by the District in a custodial capacity to be used for scholarships.

E. Cash and Investments

Cash and investments consist of cash on hand, demand deposit accounts, time/savings accounts, and deposits in the Minnesota School District Liquid Asset Fund (MSDLAF). Cash balances from all funds are combined and invested to the extent available in various securities as authorized by Minnesota Statutes. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

F. Receivables

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. The only receivable not expected to be collected within one year are current property taxes receivable.

G. 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.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Inventory

Inventory is recorded using the consumption method of accounting and consist of food and other supplies on hand at year-end and surplus commodities received from the federal government. Food and supply purchases are recorded at invoice cost, computed on a first-in, first-out method, and surplus commodities are stated at standardized cost, as determined by the Department of Agriculture.

I. Property Taxes

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

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

In accordance with state law, the current tax shift recognizes \$302,993 of the property tax levy collectible in 2025 as revenue to the District in the year ended June 30, 2025. Certain other portions of the District's 2024 Pay 2025 levy, normally revenue for the 2025-26 fiscal year, are also advance recognized at June 30, 2025, as required by State Statute to match revenue with the same fiscal year as the related expenditures.

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is unavailable 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, 2025, are included in Property Taxes Levied for Subsequent Year to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. 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 acquisition value at the date of donation. The District maintains a threshold level of \$1,000 for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the District-Wide Financial Statements, but are not reported in the Fund Financial Statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment.

Right-to-use Subscription Based Information Technology Agreements (SBITA) assets are initially measured at the present value of payments expected to be made during the agreement term, adjusted for payments made at or before the agreement commencement date, plus certain initial direct costs. Subsequently, the SBITA asset is amortized in a systematic and rational manner over the shorter of the term or the useful life of the underlying asset.

Capital assets not being depreciated consist of 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 building or other improvable property.

K. Deferred Outflows of Resources

In addition to assets, the financial statements reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until that time. The District has only two types of items. The first type is *pension related*. The second type is *other postemployment benefit related*.

L. Long-Term Liabilities

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 amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period they are incurred.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Long-Term Liabilities (Continued)

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

M. 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. This direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association into TRA in 2006. A second direct aid source is from the state of Minnesota for the merger of the Duluth Teacher's Retirement Association in 2015.

PERA has a special funding situation created by direct aid contributions made by the state of Minnesota for the merger of the Minneapolis Employees Retirement Fund into GERF in fiscal year 2006.

N. Compensated Absences Payable

The liability for compensated absences reported in the government-wide statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

Employees earn annual vacation pay at rates dependent upon each employee group labor contract. Outstanding unpaid vacation pay at June 30th may be carried forward up to six months. At June 30, 2025, unpaid vacation pay totaling \$55,596 is recorded on the Statement of Net Position.

Sick leave is accounted for as an expenditure when paid, except as discussed below.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Compensated Absences Payable (Continued)

Severance pay is available for certain eligible employees. The maximum benefit is generally based on accumulated unused sick leave, years of service, and/or a percent of salary depending on the employee contract. The total amounts cannot exceed certain contract limits and are subject to reduction by accumulative 403(b) employer contributions. At June 30, 2025, unpaid vested severance pay totaling \$68,840 is recorded in the Statement of Net Position.

O. Other Postemployment Benefits

Under the provisions of the various employee and union contracts the District provides health care benefits 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. The District also has an implicit rate subsidy for OPEB. This amount was actuarially determined, in accordance with GASB Statement No. 75.

P. Deferred Inflows of Resources

In addition to liabilities, the financial statements reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has five types of items. 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 inflows 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 third type is related to a gain on refunding of bonded debt. The fourth and fifth types, *pension related* and *other postemployment benefits related*.

Q. Unearned Revenue

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

R. Fund Balance

In the Fund Financial Statements, Governmental Funds report nonspendable, restricted, committed, assigned, and unassigned fund balances. Nonspendable portions of fund balance relate to prepaid items and inventory. Restricted funds are constrained from outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the Board of Education. The Board of Education passed a resolution authorizing the Superintendent, the Fiscal Services Coordinator, and the Finance Committee the ability to assign fund balances and their intended uses. Unassigned fund balances are considered the remaining amounts.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Balance (Continued)

In accordance with the District's fund balance policy, when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to use restricted first, then unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts is available, it is the District's policy to use committed first, then assigned and finally unassigned amounts.

The District has a minimum fund balance policy, which identifies a minimum Unassigned General Fund balance of two months of operating expenses.

S. 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 consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term liabilities used to build or acquire the capital assets. Net position is reported as restricted in the District-Wide Financial Statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

T. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources 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 vary from those estimates.

U. Adoption of New Accounting Standards

In June 2022, the Government Accounting Standards Board (GASB) issued GASB statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures.

The District adopted the requirements of the guidance effective July 1, 2024, and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this standard did not result in any material adjustments.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits will not be returned in full. The District does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits.

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

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

B. Investments

The District’s deposits in financial institutions at June 30, 2025 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. Government Agencies; general obligations rated “A” or better; revenue obligations rated “AA” or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. It is required that the District sign authorizations releasing collateral once it is pledged.

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

- Direct obligations or obligations guaranteed by the United States or its agencies.
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency and all of the investments have a final maturity of 13 months or less.
- General obligations rated “A” or better; Revenue obligations rated “AA” or better.
- General obligations of the Minnesota Housing Finance Agency rated “A” or better.
- Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System.
- Commercial paper issued by United States banks, corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies, and maturing in 270 days or less.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories.
- Repurchase or reverse purchase agreement 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.

At June 30, 2025, the District had the following investments recorded at net asset value:

	External Investment Pools
Minnesota School District Liquid Asset Fund Plus Liquid Class	\$ 1,667,975
Minnesota School District Liquid Asset Fund Plus MAX Class	3,515,164
Total External Investment Pools	\$ 5,183,139

The Minnesota School District Liquid Asset Fund Plus (MSDLAF+) is an external investment pool (Pool) that is managed to maintain a dollar-weighted average portfolio maturity of no greater than 60 days and seeks to maintain a constant net asset value (NAV) per share of \$1.00. The Pool elects to measure its investments at amortized cost in accordance with accounting statements issued by the Governmental Accounting Standards Board.

The Liquid Class has no redemption requirements. The Max Class may not be redeemed for at least 14 days, and a 24-hour hold is placed on redemption requests. Redemptions prior to 14 days may be subject to penalty.

Custodial Credit Risk

For an investment, custodial risk is the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District’s investment policy requires that insurance of all balances held with each investment account. As of June 30, 2025, the investment balances were fully covered by insurance for each brokerage firm.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District does not have a formal policy relating to this risk. The credit ratings of the District's investments at June 30, 2025, are as follows:

Type	Credit Rating
Minnesota School District Liquid Asset Fund Plus (MSDLAF+)	AAAm
Minnesota School District MAX Fund (MSDMAX)	AAAm
Government Agencies	Aa1

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Investment Type	Total	12 Months or Less	13 to 24 Months	25 to 60 Months
Minnesota School District Liquid Asset Fund Plus Liquid Class	\$ 1,667,975	\$ 1,667,975	\$ -	\$ -
Minnesota School District Liquid Asset Fund Plus MAX Class	3,515,164	3,515,164	-	-
U.S Treasuries	18,435,530	9,754,400	8,681,130	-
Government Agencies	40,674,542	17,992,886	21,743,736	937,920
Money Market Mutual Funds	9,853,781	9,853,781	-	-
Total	\$ 74,146,992	\$ 42,784,206	\$ 30,424,866	\$ 937,920

Concentration of Credit Risk

The District's investment policies place no limit on the amount the District may invest in any one issuer. At June 30, 2025, the District held the following investments which exceeded 5% of total investments:

Type	Amount	Percentage
Federal Home Loan Bank	\$ 19,240,433	25.9%
Federal Farm Credit Bank	10,515,973	14.2%
Federal Home Loan Mortgage Corporation	6,845,890	9.2%

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Balance Sheet Presentation

The deposits and investments are presented in the financial statements as follows:

Deposits	\$ 1,506,156
Minnesota School District Liquid Asset Fund Plus (MSDLAF+)	5,183,139
U.S Treasuries	18,435,530
Government Agencies	40,674,542
Money Market Mutual Funds	9,853,781
Total Cash and Investments	\$ 75,653,148
Cash and Investments - Statement of Net Position	\$ 75,644,714
Cash and Investments - Statement of Fiduciary Net Position	8,434
Total Cash and Investments	\$ 75,653,148

D. Fair Value Measurements

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

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

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

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

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

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

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

D. Fair Value Measurements (Continued)

Investment Type	Level 1	Level 2	Level 3	Total
U.S Treasuries	\$ 18,435,530	\$ -	\$ -	\$ 18,435,530
Government Agencies	40,674,542	-	-	40,674,542
Money Market Mutual Funds	9,853,781	-	-	9,853,781
Total	<u>\$ 68,963,853</u>	<u>\$ -</u>	<u>\$ -</u>	68,963,853
Investments Measured at Amortized Cost				5,183,139
				<u>\$ 74,146,992</u>

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 176,662	\$ 35,000	\$ -	\$ 211,662
Construction in Progress	-	3,299,167	-	3,299,167
Total Capital Assets, Not Being Depreciated	176,662	3,334,167	-	3,510,829
Capital Assets, Being Depreciated				
Land Improvements	1,684,652	-	-	1,684,652
Buildings and Improvements	20,146,393	58,078	-	20,204,471
Equipment	7,034,461	45,615	-	7,080,076
Total Capital Assets, Being Depreciated	28,865,506	103,693	-	28,969,199
Accumulated Depreciation for:				
Land Improvements	(1,417,869)	(52,224)	-	(1,470,093)
Buildings and Improvements	(11,504,345)	(711,238)	-	(12,215,583)
Equipment	(6,033,185)	(354,769)	-	(6,387,954)
Total Accumulated Depreciation	(18,955,399)	(1,118,231)	-	(20,073,630)
Total Capital Assets, Being Depreciated, Net	9,910,107	(1,014,538)	-	8,895,569
Governmental Activities Capital Assets, Net	<u>\$ 10,086,769</u>	<u>\$ 2,319,629</u>	<u>\$ -</u>	<u>\$ 12,406,398</u>

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

Governmental Activities	
District Support Services	\$ 269
Regular Instruction	198,223
Vocational Education Instruction	75
Special Education Instruction	1,833
Instructional Support Services	363
Pupil Support Services	33,560
Sites and Buildings	123,375
Food Service	11,694
Community Service	748,839
Total Depreciation Expense, Governmental Activities	<u>\$ 1,118,231</u>

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 LONG-TERM LIABILITIES

A. Components of Long-Term Liabilities

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

Issue Date	Interest Rate	Original Issue	Final Maturity	Principal Outstanding	
				Due Within One Year	Total
11/18/2021	2.00% - 5.00%	\$ 6,770,000	2/1/2035	\$ 535,000	\$ 5,360,000
9/24/2024	4.00% - 5.00%	\$ 64,700,000	2/1/2045	635,000	64,700,000
Total General Obligation Bonds				1,170,000	70,060,000
Bond Premiums				141,079	6,774,953
Severance Payable				40,100	40,100
Compensated Absences Payable				147,473	147,473
Total				<u>\$ 1,498,652</u>	<u>\$ 77,022,526</u>

B. Minimum Debt Payments

Minimum annual principal and interest payments required to retire long-term liabilities, not including the severance payable and compensated absences payable are as follows:

Year Ending June 30,	General Obligation Bonds Payable	
	Principal	Interest
2026	\$ 1,170,000	\$ 4,312,019
2027	2,295,000	3,182,450
2028	2,410,000	3,067,700
2029	2,530,000	2,947,200
2030	2,660,000	2,820,700
2031-2035	15,330,000	12,067,800
2036-2040	19,315,000	8,084,500
2041-2045	24,350,000	3,046,600
Total	<u>\$ 70,060,000</u>	<u>\$ 39,528,969</u>

C. Description of Long-Term Liabilities

General Obligation Refunding Bonds, Series 2021A

On November 18, 2021, the District issued \$6,770,000 of General Obligation Refunding Bonds, Series 2021A at interest rates of 2.00% to 5.00%. The bonds are due in varying annual installments each February 1 through February 1, 2035 with interest due semi-annually on February 1 and August 1. Assets of the Debt Service fund, together with scheduled future ad valorem tax levies are dedicated to retire these bonds.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Liabilities (Continued)

General Obligation School Building Bonds, Series 2024A

On August 22, 2024, the District issued \$64,700,000 of General Obligation School Building Bonds, Series 2024A at interest rates of 4.00% to 5.00%. The bonds are due in varying annual installments each August 1st and February 1st through 2045 with interest due semi-annually on February 1 and August 1. Assets of the Debt Service fund, together with scheduled future ad valorem tax levies are dedicated to retire these bonds.

D. Changes in Long-Term Liabilities

	June 30, 2024	Additions	Retirements	June 30, 2025
Bonds Payable	\$ 5,875,000	\$ 64,700,000	\$ 515,000	\$ 70,060,000
Bond Premium	701,357	6,214,675	141,079	6,774,953
Severance Payable	68,840	-	28,740	40,100
Compensated Absences Payable	55,596	91,877	-	147,473
Total	<u>\$ 6,700,793</u>	<u>\$ 71,006,552</u>	<u>\$ 684,819</u>	<u>\$ 77,022,526</u>

Note: The change in the compensated absence liability is presented as a net change.

NOTE 5 RESTRICTED FUND BALANCES

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

A. Restricted for Student Activities

This restricted fund balance represents accumulated resources available to provide for student activities.

B. Restricted for Scholarships

This restricted fund balance represents accumulated resources available to provide for scholarships.

C. Restricted for Staff Development

The fund balance restriction represents accumulated resources available to provide staff development programming.

D. Restricted for Student Support Personnel Aid

The fund balance restriction represents accumulated resources available to provide aid to student support personnel.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 RESTRICTED FUND BALANCES (CONTINUED)

E. 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 Statute. The cumulative excess of such revenues over equipment and facilities expenditures is reported as a restriction of fund balance in the General Fund.

F. Restricted for Learning and Development

This restricted fund balance represents accumulated resources available to provide for learning and development programs.

G. Restricted for Community Education Programs

This restricted fund balance represents accumulated resources available to provide general community education programming.

H. Restricted for Early Childhood and Family Education Programs

This restricted fund balance represents accumulated resources available to provide services for early childhood and family education programming.

I. Restricted for Safe Schools Crime – Crime Levy

This restricted fund balance represents accumulated resources available to provide services for safe schools programming.

J. Restricted for READ Act – Literacy Aid

The fund balance restriction represents accumulated resources available to provide literacy programming in accordance with funding made available for that purpose.

K. Restricted for READ Act – Tchr Training Compensation

The fund balance restriction represents accumulated resources available to provide teacher training programming in accordance with funding made available for that purpose.

L. Restricted for Medical Assistance

This restricted fund balance represents accumulated resources available to provide services for Medical Assistance programming.

M. Restricted for Long Term Facilities Maintenance

This restricted fund balance represents accumulated resources available to provide services for long term facilities maintenance.

N. Restricted for Other Purposes

Represents amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2025, the District had \$261,298 and \$347,955 restricted for debt service and food service, respectively.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 RESTRICTED FUND BALANCES (CONTINUED)

O. Restricted for Basic Skills

This restricted fund balance represents accumulated resources available through a portion of the District's general education aid compensatory revenue for basic skills programs.

P. Restricted for Building Construction

This restricted fund balance represents accumulated resources for building construction.

Q. Restricted for Custodial Student Activities

This restricted fund balance represents accumulated resources for custodial student activities.

NOTE 6 DEFINED BENEFIT PENSION PLANS

A. Plan Description

The District participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association (PERA) and Teachers Retirement Fund (TRA). PERA and TRA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353, 354 and 356. Minnesota Statutes chapter 356 defines each plan's financial reporting requirements. PERA and TRA's defined benefit pension plans are tax-qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Plan (General Plan)

Membership in the General Plan includes employees of counties, cities, townships, schools in non-certified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than \$425 in a month, unless the employee meets exclusion criteria.

2. Teachers Retirement Fund (TRA)

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

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

2. Teachers Retirement Fund (TRA) (Continued)

Educators employed in Minnesota's public elementary and secondary school, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those employed by St. Paul schools or Minnesota State Colleges and Universities). Educators first hired by Minnesota State may elect either TRA coverage within one year of eligible employment or elect coverage through the Defined Contribution Retirement Plan (DCR) administered by Minnesota State. A teacher employed by Minnesota State and electing DCR plan is not a member of TRA except for purposes of social security coverage.

B. Benefits Provided

PERA and TRA provide retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service. When a member is "vested," they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

1. General Employees Plan Benefits

General Employees Plan requires three years of service to vest. 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 General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided

1. General Employees Plan Benefits (Continued)

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. The 2024 annual increase was 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

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 consecutive 60 months of formula service, age and years of formula service credit at termination of service. TRA members belong to either the Basic or Coordinated Plan.

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

Tier I Benefits

Tier I	Step Rate Formula	Percentage
Basic	First Ten Years of Service	2.2% per Year
	All Years After	2.7% per Year
Coordinated	First Ten Years if Service Years Are Up to July 1, 2006	1.2% per Year
	First Ten Years if Service Years Are July 1, 2006 or After	1.4% per Year
	All Other Years of Service if Service Years Are Up to July 1, 2006	1.7% per Year
	All Other Years of Service if Service Years Are July 1, 2006 or After	1.9% per Year

With these provisions:

- (a) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- (b) 3.0% 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

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

Tier II Benefits

For years of service prior to July 1, 2006, a level formula of 1.7% per year for coordinated members and 2.7% per year for basic members is applied. For years of service July 1, 2006 and after, a level formula of 1.9% per year for coordinated members and 2.7% per year for Basic members applies. An early retirement reduction is applied to members retiring prior to age 65. Members who reach age 62 with 30 years of service have a lower (more favorable to the member) reduction rate applied.

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. After July 1, 2024, the age will change to not to exceed 65. An early retirement reduction is applied to members retiring before age 66, but will be age 65 after July 1, 2024. Members who reach age 62 with 30 years of service have a lower (more favorable to the member) early retirement reduction rate applied.

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

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

C. Contribution Rate

1. General Employees Plan Contributions

General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2025 and the District was required to contribute 7.50% for General Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2025, were \$125,072. The District's contributions were equal to the required contributions as set by state statute.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

C. Contribution Rate (Continued)

2. TRA Contributions

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for the fiscal year 2025 for coordinated were 7.75% for the employee and 8.75% for the employer. Basic rates were 11.25% for the employee and 12.75% for the employer. The District's contributions to TRA for the plan's fiscal year ended June 30, 2025 were \$337,282. The District's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

1. General Employees Plan Pension Costs

At June 30, 2025, the District reported a liability of \$788,787 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled \$20,396.

GERF Pension Costs

District's Proportionate Share of the Net Pension Liability	\$	788,787
State of Minnesota's Proportionate Share of the Net Liability Associated with the District		<u>20,396</u>
Total	\$	<u><u>809,183</u></u>

The net pension liability was measured as of June 30, 2024, 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 received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was .0213 percent at the end of the measurement period and .0207 percent for the beginning of the period.

For the year ended June 30, 2025, the District recognized pension expense of \$42,287 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized \$253 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the annual \$16 million contribution.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs

1. General Employees Plan Pension Costs (Continued)

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The District recognized \$36,292 for the year ended June 30, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 74,167	\$ -
Changes in Actuarial Assumptions	3,850	298,543
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	229,057
Changes in Proportion	29,985	54,025
District Contributions Subsequent to the Measurement Date	125,072	-
Total	<u>\$ 233,074</u>	<u>\$ 581,625</u>

The \$125,072 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, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amounts
2026	\$ (286,056)
2027	(40,461)
2028	(86,649)
2029	(60,457)

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs

On June 30, 2025, the District reported a liability of \$3,583,837 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. 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. District proportionate share was .0564% at the end of the measurement period and .0557% for the beginning of the year.

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

Description	Amount
District's Proportionate Share of the TRA Net Pension Liability	\$ 3,583,837
State's Proportionate Share of the Net Pension Liability Associated with the District	234,441
Total	\$ 3,818,278

For the year ended June 30, 2025, the District recognized pension expense of \$142,554. It also recognized \$(2,866) as grant revenue for the support provided by direct aid.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$176 million to the Fund. The State of Minnesota is not included as a non-employer contributing entity in the plan pension allocation schedules for the \$176 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The District recognized \$99,358 for the year ended June 30, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Fund.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 170,853	\$ 46,444
Changes in Actuarial Assumptions	361,431	427,383
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	507,246
Changes in Proportion	42,963	433,011
District Contributions Subsequent to the Measurement Date	337,282	-
Total	<u>\$ 912,529</u>	<u>\$ 1,414,084</u>

Of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date, \$337,282 reported as deferred outflows will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. 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 Amounts
2026	\$ (382,438)
2027	210,182
2028	(353,499)
2029	(265,111)
2030	(47,971)

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

3. Aggregate Pension Costs

At June 30, 2025, the District reported the following aggregate amounts related to pensions for all plans to which it contributes:

	<u>PERA</u>	<u>TRA</u>	<u>Total</u>
Net Pension Liability	\$ 788,787	\$ 3,583,837	\$ 4,372,624
Deferred Outflows of Resources	233,074	912,529	1,145,603
Deferred Inflows of Resources	581,625	1,414,084	1,995,709
Pension Expense	42,540	139,688	182,228

E. Actuarial Assumptions

The total pension liability in the June 30, 2024, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

GERF and TRA Assumptions

<u>Assumptions</u>	<u>General Employees Plan</u>	<u>TRA</u>
Inflation	2.25% per Year	2.50%
Active Member Payroll Growth	10.25% after one year of service to 3.00% after 27 years of service	2.85 to 8.85% before July 1, 2028 and 3.25 to 9.25%, after June 30, 2028
Investment Rate of Return	7.00% per Year	7.00%

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7%. The 7% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3% after 27 years of service.

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

TRA pre-retirement mortality rates were based on the PubT-2010(A) Employee Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.

TRA healthy retiree mortality rates were based on the PubT-2010 (A) Retiree Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.

TRA beneficiary mortality rates were based on the Pub-2010 (A) Contingent Survivor Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.

TRA disabled retiree mortality rates were based on the PubNS-2010 Disabled Retiree Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.

TRA cost of living benefit increases 1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

The following changes in actuarial assumptions and plan provisions for PERA occurred in 2024:

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions:

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

The following changes in actuarial assumptions and plan provisions for TRA occurred in 2024:

- Mortality tables were updated for active employees, retirees, disabled retirees, and contingent beneficiaries to recently published tables derived from public plan data known as the Pub2010 family.
- Retirement rates were increased for some of the Tier II early retirement ages and some of the unreduced retirement rates were modified for both tiers to better align with actual experience.
- Probability that new female retirees elect either the Straight Life Annuity or 100% Joint & Survivor Annuity were refined to reflect the actual experience.
- Termination rates were reduced in the first 10 years of employment and slightly increased in years 16 to 25 to better match the observed experience.
- Disability rates were decreased beyond age 45 by 15% to reflect the continued lower than expected observations.

F. Long-Term Expected Return on Investments

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

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

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

G. Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees, Police and Fire, and Correctional Plans were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to measure the total pension liability was 7%. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2024 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. 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.

H. Pension Liability Sensitivity

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

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
<u>General Employees Plan Discount Rate</u>	6.00%	7.00%	8.00%
District's Proportionate Share of the General Employees Plan Net Pension Liability	\$ 1,722,838	\$ 788,787	\$ 20,445
<u>TRA Discount Rate</u>	6.00%	7.00%	8.00%
District's Proportionate Share of the TRA Net Pension Liability	\$ 6,311,347	\$ 3,583,837	\$ 1,339,032

I. Pension Plan Fiduciary Net Position

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

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, Suite 400, St. Paul, Minnesota, 55103-4000; or by calling 651-296-2409 or 800-657-3669.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 DEFINED CONTRIBUTION PLAN

The District provides eligible employees future retirement benefits through the District's 403(b) Plan (the Plan). Employees of the District are eligible to participate in the Plan commencing on the date of their employment. Eligible employees may elect to have a percentage of their pay contributed to the Plan. Some employees are eligible to receive a District match of employee contributions up to the qualifying amounts set forth in their respective collective bargaining agreements. Contributions are invested in tax deferred annuities selected and owned by Plan participants. The amount of pension expense recognized by the employer in the reporting period ended June 30, 2025 was (\$97,382).

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN

A. Plan Description

The District operates a single-employer retiree defined benefit plan (the Plan) that provides health insurance to eligible employees and their spouses through the District's health insurance plan. There are 102 active participants and 11 retired participants. Benefit and eligibility provisions are established through negotiations between the District and various unions representing District employees and are renegotiated each two-year bargaining period. There are no assets accumulated in a trust and the plan is currently being funded on a pay as you go basis.

B. Benefits Provided

Teachers hired before July 1, 2001, with 15 years of service to the District or 30 years in the state of Minnesota who have reached age 55, the District will contribute 5 days per year of service times their daily rate of pay at the time of retirement up to a maximum of \$39,000 minus the District's contributions to the 403(b) matching plan to their VEBA in 5 equal annual installments. The VEBA account credit can be used for spouse coverage. Additionally, the District will contribute a matching contribution based on years of service up to a lifetime maximum of \$31,000.

Principals hired before July 1, 2001, with 15 years of service who have reached age 55 the District will contribute 45% of their annual salary at retirement up to a maximum of \$55,000 reduced by the District's contributions to the 403(b) matching plan to their VEBA in 5 equal annual installments. The VEBA account credit can be used for spouse coverage. Additionally, the District will contribute a matching contribution based on years of service up to a lifetime maximum of \$40,000.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

C. Actuarial Methods and Assumptions

The District's OPEB liability was measured as of July 1, 2024, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2023, and rolled forward to a measurement date of July 1, 2024 using the following actuarial assumptions, applied to all periods included in the measurement, unless specified otherwise:

Inflation Rate	2.50%
Salary Increases	n/a
Medical Trend Rate	6.25% Decreasing to 5.00% over 6 years and then to 4.00% over the next 48 years (6.50% decreasing to 5.00% over 6 years and then 4.00% over the next 48 years)

Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.

The discount rate used to measure the total OPEB liability was 4.1% (3.9% on the previous measurement date). The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds.

D. Changes in the Total OPEB Liability

	Increase (Decrease)
	<u>Total OPEB Liability</u>
Balances at June 30, 2024	\$ 474,293
Changes for the Year:	
Service Cost	19,534
Interest on the Total OPEB Liability	17,624
Change in Assumptions	(2,578)
Benefit Payments	<u>(84,646)</u>
Net Changes	<u>(50,066)</u>
Balances at June 30, 2025	<u>\$ 424,227</u>

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

E. Sensitivity Results

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 one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease 3.10%	Current Discount Rate 4.10%	1% Increase 5.10%
Total OPEB Liability	\$ 440,579	\$ 424,227	\$ 408,564

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 healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
<u>Medical Trend Rate</u>			
Total OPEB Liability	\$ 402,946	\$ 424,227	\$ 449,866

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$(6,482).

At June 30, 2025, the District reported its proportionate share of the OPEB deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ -	\$ 67,278
Changes in Actuarial Assumptions	9,748	13,773
District Payment of Benefits Subsequent to the Measurement Date	79,033	-
Total	<u>\$ 88,781</u>	<u>\$ 81,051</u>

\$79,033 reported as deferred outflows of resources related to OPEB resulting from District payment of benefits to OPEB subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2026.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

F. OPEB Expense and Deferred Outlaws and Deferred Inflows of Resources Related to OPEB (Continued)

Year Ending June 30,	OPEB Expense Amounts
2026	\$ (43,636)
2027	(23,602)
2028	(3,709)
2029	9
2030	(365)

NOTE 9 STEWARDSHIP AND ACCOUNTABILITY

Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following fund:

	Budget	Expenditures	Excess
General Fund	\$ 9,429,919	\$ 9,929,379	\$ 499,460
Special Revenue Funds:			
Food Service Fund	486,327	524,580	38,253
Community Service Fund	311,117	320,555	9,438

These excess expenditures were funded with higher than anticipated revenues and existing fund balances.

Due To/From Other Funds

A due from other funds of \$142,195 is recorded in the general fund, and a corresponding due to other funds is recorded in the community service fund. The purpose of this interfund balance is to eliminate negative cash in the community service fund. A due from other funds of \$434,937 is recorded in the general fund, and a corresponding due to other funds is recorded in the capital projects fund. The purpose of this interfund balance is to reimburse the general fund for paying construction invoices related to the building project.

The amounts are expected to be repaid within one year.

NOTE 10 RISK MANAGEMENT

The District continues to carry commercial insurance for loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters and workers compensation. There has been no significant reduction in insurance coverage from the previous year in any of the District's policies. In addition, there have been no settlements in excess of the District's insurance coverage in any of the prior three years.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 COMMITMENTS AND CONTINGENCIES

Federal and State Receivables

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

NOTE 12 JOINTLY GOVERNED ORGANIZATION

The District is a member of the Southern Plains Education Cooperative. The Southern Plains Education Cooperative was established with the primary objective to provide specialized services for special education students, as defined by state law, and to provide other programs and services as approved by the Joint Powers Governing Board. The Cooperative was established by six separate 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.

NOTE 13 SUBSEQUENT EVENT

The District awarded bids of \$42,034,369 in July 2025 to construct a K-12 School. Funds from the issuance of the General Obligation School Building Bonds, Series 2024A are intended to be used to finance this construction.

NOTE 14 RESTATEMENT OF BEGINNING FUND BALANCE

Changes to or within Financial Reporting Entity

Change in Fund Presentation from Major to Nonmajor

The Food Service Special Revenue Fund and Community Service Special Revenue Fund previously met the criteria to be reported as a major governmental funds. However, effective July 1, 2024, the funds no longer met the criteria to be reported as a major fund and are reported as nonmajor governmental funds for the fiscal year ended June 30, 2025. The effect of that change within the financial reporting entity is shown in the table below:

	Food Service	Community Service	Nonmajor Governmental Funds
6/30/24, as Previously Presented	\$ 297,192	\$ (222,304)	\$ -
Change from Major to Nonmajor Fund	(297,192)	222,304	74,888
6/30/24, as Restated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,888</u>

REQUIRED SUPPLEMENTARY INFORMATION

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 1,334,858	\$ 1,302,462	\$ 1,346,667	\$ 44,205
Investment Income	135,000	160,000	334,303	174,303
Other	153,000	206,296	657,719	451,423
State Sources	7,585,803	7,722,890	7,878,300	155,410
Federal Sources	156,500	154,479	161,997	7,518
Total Revenues	<u>9,365,161</u>	<u>9,546,127</u>	<u>10,378,986</u>	<u>832,859</u>
EXPENDITURES				
Current:				
Administration	827,935	782,521	766,893	(15,628)
District Support Services	279,149	326,494	368,199	41,705
Elementary and Secondary Regular Instruction	3,971,412	3,863,906	4,234,541	370,635
Vocational Education Instruction	259,835	193,956	206,521	12,565
Special Education Instruction	1,567,804	1,448,735	1,605,393	156,658
Instructional Support Services	577,079	592,950	561,743	(31,207)
Pupil Support Services	793,104	847,965	910,145	62,180
Sites and Buildings	1,071,179	993,990	964,758	(29,232)
Fiscal and Other Fixed Cost Programs	170,000	180,000	181,151	1,151
Capital Outlay	141,000	199,402	130,035	(69,367)
Debt Service:				
Total Expenditures	<u>9,658,497</u>	<u>9,429,919</u>	<u>9,929,379</u>	<u>499,460</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(293,336)	116,208	449,607	333,399
OTHER FINANCING SOURCES				
Sale of Real Property	-	-	44,109	44,109
Insurance Recovery	-	-	6,241	6,241
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>50,350</u>	<u>50,350</u>
NET CHANGES IN FUND BALANCE	<u>\$ (293,336)</u>	<u>\$ 116,208</u>	499,957	<u>\$ 383,749</u>
FUND BALANCE				
Beginning of Year			<u>3,924,758</u>	
End of Year			<u>\$ 4,424,715</u>	

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S OPEB LIABILITY AND RELATED RATIOS
LAST SEVEN MEASUREMENT PERIODS**

	2025	2024	2023	2022	2021	2020	2019
Total OPEB Liability Measurement Date	July 1, 2024	July 1, 2023	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018
Service Cost	\$ 19,534	\$ 19,562	\$ 23,151	\$ 29,699	\$ 33,494	\$ 28,634	\$ 39,403
Interest	17,624	19,082	12,288	18,727	24,785	33,415	35,339
Changes of Benefit Terms	-	-	-	-	11,914	3,159	-
Difference Between Expected and Actual Experience	-	347	-	(142,912)	-	(137,451)	-
Changes of Assumptions	(2,578)	2,292	(22,333)	9,460	16,484	(2,818)	-
Plan Changes	-	(5,634)	-	-	-	-	-
Benefit Payments	(84,646)	(87,098)	(98,164)	(106,459)	(97,581)	(128,283)	(112,942)
Administrative Expenses	-	-	-	(1,242)	-	-	-
Net Change in Total OPEB Liability	(50,066)	(51,449)	(85,058)	(192,727)	(10,904)	(203,344)	(38,200)
Total OPEB Liability - Beginning	474,293	525,742	610,800	803,527	814,431	1,017,775	1,055,975
Total OPEB Liability - Ending	<u>\$ 424,227</u>	<u>\$ 474,293</u>	<u>\$ 525,742</u>	<u>\$ 610,800</u>	<u>\$ 803,527</u>	<u>\$ 814,431</u>	<u>\$ 1,017,775</u>
Net OPEB Liability	\$ 424,227	\$ 474,293	\$ 525,742	\$ 610,800	\$ 803,527	\$ 814,431	\$ 1,017,775
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's Covered-Employee Payroll	\$ 4,623,244	\$ 4,488,586	\$ 4,759,135	\$ 4,759,135	\$ 4,976,949	\$ 4,831,989	\$ 4,908,168
District's Net OPEB Liability as a Percentage of the Covered-Employee Payroll	9.18%	10.57%	11.05%	12.83%	16.14%	16.85%	20.74%

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

Note 2: No assets are accumulated in a trust.

See accompanying Notes to Required Supplementary Information.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
LAST TEN MEASUREMENT PERIODS**

Fiscal Year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
General Employees Plan										
District's Proportion of the Net Pension Liability	0.0213%	0.0207%	0.0212%	0.0240%	0.0234%	0.0235%	0.0238%	0.0243%	0.0231%	0.0230%
District's Proportionate Share of the Net Pension Liability	\$ 788,787	\$ 1,157,521	\$ 1,679,047	\$ 1,024,908	\$ 1,402,937	\$ 1,299,262	\$ 1,320,326	\$ 1,551,296	\$ 1,875,605	\$ 1,191,979
State's Proportionate Share of the Net Pension Liability Associated with the District	20,396	31,953	49,167	31,257	43,223	40,498	43,343	19,481	24,494	-
Total	<u>\$ 809,183</u>	<u>\$ 1,189,474</u>	<u>\$ 1,728,214</u>	<u>\$ 1,056,165</u>	<u>\$ 1,446,160</u>	<u>\$ 1,339,760</u>	<u>\$ 1,363,669</u>	<u>\$ 1,570,777</u>	<u>\$ 1,900,099</u>	<u>\$ 1,191,979</u>
District's Covered Payroll	\$ 1,831,309	\$ 1,653,030	\$ 1,578,955	\$ 1,718,013	\$ 1,567,507	\$ 1,533,080	\$ 1,499,120	\$ 1,496,147	\$ 1,333,720	\$ 1,346,480
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	44.19%	71.96%	109.45%	61.48%	92.26%	87.39%	90.96%	104.99%	142.47%	88.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.08%	83.10%	76.67%	79.06%	80.20%	79.50%	75.90%	68.90%	78.20%	78.20%
TRA										
District's Proportion of the Net Pension Liability	0.0564%	0.0557%	0.0598%	0.0621%	0.0634%	0.0660%	0.0666%	0.0607%	0.0645%	0.0607%
District's Proportionate Share of the Net Pension Liability	\$ 3,583,837	\$ 4,598,717	\$ 4,788,468	\$ 2,717,682	\$ 4,684,077	\$ 4,206,854	\$ 4,181,761	\$ 13,074,988	\$ 15,384,789	\$ 3,754,895
State's Proportionate Share of the Net Pension Liability Associated with District	234,441	322,133	355,107	229,208	392,464	372,082	392,705	1,263,360	1,544,795	460,267
Total	<u>\$ 3,818,278</u>	<u>\$ 4,920,850</u>	<u>\$ 5,143,575</u>	<u>\$ 2,946,890</u>	<u>\$ 5,076,541</u>	<u>\$ 4,578,936</u>	<u>\$ 4,574,466</u>	<u>\$ 14,338,348</u>	<u>\$ 16,929,584</u>	<u>\$ 4,215,162</u>
District's Covered Payroll	\$ 3,776,436	\$ 3,500,424	\$ 3,710,863	\$ 3,717,023	\$ 3,685,720	\$ 3,747,017	\$ 3,678,400	\$ 3,526,333	\$ 3,357,413	\$ 3,119,533
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	94.90%	131.38%	129.04%	73.11%	127.09%	112.27%	113.68%	370.78%	458.23%	120.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.07%	76.42%	76.17%	75.48%	78.21%	78.07%	51.57%	44.88%	76.80%	76.80%

See accompanying Notes to Required Supplementary Information.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Employees Plan										
Contractually Required Contribution	\$ 125,072	\$ 137,348	\$ 123,977	\$ 118,251	\$ 128,851	\$ 117,563	\$ 114,981	\$ 112,434	\$ 112,211	\$ 100,029
Contributions in Relation to the Contractually Required Contribution	(125,072)	(137,348)	(123,977)	(118,251)	(128,851)	(117,563)	(114,981)	(112,434)	(112,211)	(100,029)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 1,667,617	\$ 1,831,309	\$ 1,653,030	\$ 1,578,955	\$ 1,718,013	\$ 1,567,507	\$ 1,533,080	\$ 1,499,120	\$ 1,496,147	\$ 1,333,720
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
TRA										
Contractually Required Contribution	\$ 337,282	\$ 329,926	\$ 300,235	\$ 310,573	\$ 302,194	\$ 291,909	\$ 288,895	\$ 275,880	\$ 264,475	\$ 251,806
Contributions in Relation to the Contractually Required Contribution	(337,282)	(329,926)	(300,235)	(310,573)	(302,194)	(291,909)	(288,895)	(275,880)	(264,475)	(251,806)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 3,791,129	\$ 3,776,436	\$ 3,500,424	\$ 3,710,863	\$ 3,717,023	\$ 3,685,720	\$ 3,747,017	\$ 3,678,400	\$ 3,526,333	\$ 3,357,413
Contributions as a Percentage of Covered Payroll	8.90%	8.74%	8.58%	8.37%	8.13%	7.92%	7.71%	7.50%	7.50%	7.50%

See accompanying Notes to Required Supplementary Information.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

**NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS**

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

2024

Changes in Actuarial Assumptions

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

2023

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 6.50% to 7.00%, for financial reporting purposes.

Changes in Plan Provisions

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

2021

Changes in Actuarial Assumptions

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

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

**NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS (CONTINUED)**

2020

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2019

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

**NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS (CONTINUED)**

2018

Changes in Actuarial Assumption

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed postretirement benefit increase was changed from 1.0% per year through 2044 and 2.50% per year thereafter to 1.25% per year.
- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.

Changes in Plan Provisions

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

2017

Changes in Actuarial Assumption

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

Changes in Plan Provisions

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

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

**NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS (CONTINUED)**

2016

Changes in Actuarial Assumptions

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

2015

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

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

2024

Changes in Actuarial Assumptions

- Mortality tables were updated for active employees, retirees, disabled retirees, and contingent beneficiaries to recently published tables derived from public plan data known as the Pub2010 family.
- Retirement rates were increased for some of the Tier II early retirement ages and some of the unreduced retirement rates were modified for both tiers to better align with actual experience.
- Probability that new female retirees elect either the Straight Life Annuity or 100% Joint & Survivor Annuity were refined to reflect the actual experience.
- Termination rates were reduced in the first 10 years of employment and slightly increased in years 16 to 25 to better match the observed experience.
- Disability rates were decreased beyond age 45 by 15% to reflect the continued lower than expected observations.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

**NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS (CONTINUED)**

2023

Changes in Actuarial Assumptions

- There were no changes in actuarial assumptions for financial reporting purposes.

2022

Changes in Actuarial Assumptions

- There were no changes in actuarial assumptions for financial reporting purposes.

2021

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 7.00%, for financial reporting purposes.

2020

Changes in Actuarial Assumptions

- The COLA was reduced from 2.0% each January to 1.0, effective January 2019. Beginning January 1, 2024, the COLA will increase .01% each year until reaching the ultimate rate of 1.5% on January 1, 2028.
- Beginning July 1, 2024, eligibility for first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to 0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 2 years (8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.5% to 7.75% on July 1, 2023. The state provides funding for the contribution rate through an adjustment in the school aid formula.

2019

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

**NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS (CONTINUED)**

2018

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to 0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 4 years, (7.92% in 2019, 8.13% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

**NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS (CONTINUED)**

2017

Changes in Actuarial Assumptions

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

2016

Changes in Actuarial Assumptions

- The cost of living adjustment was not assumed to increase (it remained at 2.0% for all future years).
- The price inflation assumption was lowered from 3.0% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes at some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back 6 years, and female rates set back 5 years. Generational projection uses the MP-2015 scale.
- The postretirement mortality assumption was changed to the RP-2014 white collar annuitant table, male rates set back 3 years and female rates set back 3 years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
- The post-disability mortality assumption was changed to the RP-2014 disabled retiree mortality table, without adjustments.
- Separate retirement assumptions for members hired before or after July 1, 1989 were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional forms of payment at retirement were made.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2015

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

NOTE 2 CHANGES IN SIGNIFICANT OTHER POSTEMPLOYMENT BENEFIT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

The following changes were reflected in the valuation performed on behalf of the District's other postemployment benefits plan for the year ended June 30:

2024

Changes in Actuarial Assumptions

- The discount rate was changed from 3.90% to 4.10%.

2023

Changes in Actuarial Assumptions

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

2022

Changes in Actuarial Assumptions

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

2022

Changes in Actuarial Assumptions

- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale.
- The inflation rate was changed from 2.50% to 2.00%.
- The discount rate was changed from 2.40% to 2.10%.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

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

2021

Changes in Actuarial Assumptions

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

•

2020

Changes in Actuarial Assumptions

- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 Generational Improvement Scale.
- The discount rate was changed from 3.10% to 2.40%.

2019

Changes in Actuarial Assumptions

- There were no changes in actuarial assumptions.

NOTE 3 BUDGETING

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

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

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

SUPPLEMENTARY INFORMATION

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025**

	Special Revenue		Total Governmental Funds
	Food Service	Community Service	
ASSETS			
Cash and Investments	\$ 386,763	\$ -	\$ 386,763
Receivables:			
Current Property Taxes	-	27,088	27,088
Delinquent Property Taxes	-	703	703
Due from Minnesota Department of Education	-	2,927	2,927
Inventory	8,526	-	8,526
 Total Assets	 <u>\$ 395,289</u>	 <u>\$ 30,718</u>	 <u>\$ 426,007</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Salaries and Payroll Deductions Payable	\$ 40,715	\$ 24,055	\$ 64,770
Due to Other Funds	-	142,195	142,195
Unearned Revenue	-	1,591	1,591
Total Liabilities	<u>40,715</u>	<u>167,841</u>	<u>208,556</u>
Deferred Inflows of Resources:			
Property Taxes Levied for Subsequent Year	-	68,940	68,940
Unavailable Revenue - Delinquent Property Taxes	-	703	703
Total Deferred Inflows of Resources	<u>-</u>	<u>69,643</u>	<u>69,643</u>
Fund Balances:			
Nonspendable:			
Inventory	8,526	-	8,526
Restricted for:			
Community Education Programs	-	83,537	83,537
Early Childhood and Family Education Programs	-	21,881	21,881
Restricted for Other Purposes	346,048	1,907	347,955
Unassigned	-	(314,091)	(314,091)
Total Fund Balances	<u>354,574</u>	<u>(206,766)</u>	<u>147,808</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 <u>\$ 395,289</u>	 <u>\$ 30,718</u>	 <u>\$ 426,007</u>

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
NONMAJOR GOVERNMENTAL FUNDS
COMBINING INCOME STATEMENT
JUNE 30, 2025**

	Special Revenue		Total
	Food Service	Community Service	
REVENUES			
Local Sources:			
Property Taxes	\$ -	\$ 64,677	\$ 64,677
Investment Income	19,938	(13,544)	6,394
Other	42,719	145,166	187,885
State Sources	204,642	139,794	344,436
Federal Sources	314,663	-	314,663
Total Revenues	<u>581,962</u>	<u>336,093</u>	<u>918,055</u>
EXPENDITURES			
Current:			
Food Service	524,580	-	524,580
Community Service	-	320,155	320,155
Capital Outlay	-	400	400
Total Expenditures	<u>524,580</u>	<u>320,555</u>	<u>845,135</u>
NET CHANGE IN FUND BALANCES	57,382	15,538	72,920
Fund Balances - Beginning of Year, as Originally Reported	-	-	-
Change Within the Financial Reporting Entity	<u>297,192</u>	<u>(222,304)</u>	<u>74,888</u>
Fund Balances - Beginning of Year, as Adjusted	<u>297,192</u>	<u>(222,304)</u>	<u>74,888</u>
FUND BALANCES - END OF YEAR	<u>\$ 354,574</u>	<u>\$ (206,766)</u>	<u>\$ 147,808</u>

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET
AND ACTUAL – FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local Sources:				
Investment Income	\$ 5,000	\$ 5,000	\$ 19,938	\$ 14,938
Other	18,250	18,250	42,719	24,469
State Sources	201,800	205,800	204,642	(1,158)
Federal Sources	285,800	280,800	314,663	33,863
Total Revenues	<u>510,850</u>	<u>509,850</u>	<u>581,962</u>	<u>72,112</u>
EXPENDITURES				
Current:				
Food Service	490,362	486,327	524,580	38,253
Total Expenditures	<u>490,362</u>	<u>486,327</u>	<u>524,580</u>	<u>38,253</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	20,488	23,523	57,382	33,859
OTHER FINANCING SOURCES (USES)				
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCE	<u>\$ 20,488</u>	<u>\$ 23,523</u>	57,382	<u>\$ 33,859</u>
FUND BALANCE				
Beginning of Year			<u>297,192</u>	
End of Year			<u>\$ 354,574</u>	

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET
AND ACTUAL – COMMUNITY SERVICE FUND
YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 68,293	\$ 65,506	\$ 64,677	\$ (829)
Investment Income	-	-	(13,544)	(13,544)
Other - Primarily Tuition and Fees	113,500	105,000	145,166	40,166
State Sources	43,500	41,562	139,794	98,232
Total Revenues	<u>225,293</u>	<u>212,068</u>	<u>336,093</u>	<u>124,025</u>
EXPENDITURES				
Current:				
Community Service	319,990	311,117	320,155	9,038
Capital Outlay	-	-	400	400
Total Expenditures	<u>319,990</u>	<u>311,117</u>	<u>320,555</u>	<u>9,438</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(94,697)	(99,049)	15,538	114,587
OTHER FINANCING SOURCES				
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCE	<u>\$ (94,697)</u>	<u>\$ (99,049)</u>	15,538	<u>\$ 114,587</u>
FUND BALANCE				
Beginning of Year			<u>(222,304)</u>	
End of Year			<u>\$ (206,766)</u>	

OTHER REQUIRED REPORTS



**INDEPENDENT AUDITORS' 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**

Board of Education
Martin County West Schools
Independent School District No. 2448
Sherburn, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Martin County West Schools Independent School District No. 2448 (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 4, 2026.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses listed as item 2025-001, that we consider to be a material weakness.

Report on Compliance and Other Matters


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

Martin County West Schools Independent School District No. 2448's Response to Findings

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

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.



CliftonLarsonAllen LLP

Rochester, Minnesota
February 4, 2026



INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Education
Martin County West Schools
Independent School District No. 2448
Sherburn, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 4, 2026.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the contracting-bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to 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.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for School Districts* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Rochester, Minnesota
February 4, 2026

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2025**

Section I – Financial Statement Findings

FINDING: 2025-001	ANNUAL FINANCIAL REPORTING UNDER GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)
Type of Finding:	Material weakness in internal control over financial reporting.
Condition or Specific Requirement:	The District has a control in place for the review of the drafted financial statements. However, the District does not have the expertise to ensure all disclosures required by accounting principles generally accepted in the United States of America are included in the annual financial statements.
Criteria:	The District should have controls in place to prevent or detect an omission of a material disclosures in the annual financial statements.
Effect:	The potential exists that a material disclosure could be omitted from the financial statements and not be prevented, or detected and corrected, by the District’s internal controls.
Cause:	The District’s does not have the expertise to draft the notes to the financial statements; however, they have reviewed and approved the annual financial statements as prepared by the audit firm.
Repeat Finding:	Yes. 2024-001.
Recommendation:	The District should continue to evaluate their internal staff capacity to determine if an internal control policy over the annual financial reporting is beneficial.
Views of Responsible Officials and Planned Corrective Actions:	There is no disagreement with the findings. The District has informed us that they have engaged another professional services firm to assist in accounting functions.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section I – Financial Statement Findings (Continued)

**FINDING: 2025-001 ANNUAL FINANCIAL REPORTING UNDER GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES (GAAP) (CONTINUED)**

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

The Business Manager reviews the drafted financial statements and notes. The District does not have the expertise to ensure all disclosures required by GAAP are included in the financial statements. Accordingly, the District will continue to engage the auditors to prepare the financial statements and related disclosures. However, the Business Manager will review the notes for accuracy and compare the balances to UFARS and other District reports prior to issuance of the statements.

Official Responsible for Ensuring CAP:

Cori Reynolds, Superintendent is the official responsible for ensuring corrective action of the deficiency.

Planned Completion Date for CAP:

June 30, 2025

Plan to Monitor Completion of CAP:

Cori Reynolds, Superintendent, will ensure the review by the Business Manager has been completed. She will do this through discussions with the Business Manager and reviewing the draft of the financial statements.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section II – Findings and Questioned Costs – Minnesota Legal Compliance

Our audit did not disclose any matters required to be reported in accordance with *Minnesota Legal Compliance Audit Guide for School Districts*.

**MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
UNIFORM FINANCIAL ACCOUNTING AND REPORTING
STANDARDS COMPLIANCE TABLE
JUNE 30, 2025**

	Audit	UFARS	Difference		Audit	UFARS	Difference
01 GENERAL FUND				06 BUILDING CONSTRUCTION			
Total Revenue	\$ 10,378,986	\$ 10,378,986	\$ -	Total Revenue	\$ 1,418,186	\$ 1,418,186	\$ -
Total Expenditures	\$ 9,929,379	\$ 9,929,380	\$ (1)	Total Expenditures	\$ 3,940,215	\$ 3,940,215	\$ -
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	\$ 7,545	\$ 7,545	\$ -	460 Nonspendable Fund Balance	\$ -	\$ -	\$ -
<i>Restricted/Reserved:</i>				<i>Restricted/Reserved:</i>			
401 Student Activities	\$ 181,631	\$ 181,632	\$ (1)	407 Capital Projects Levy	\$ -	\$ -	\$ -
402 Scholarships	\$ 1,000	\$ 1,000	\$ -	413 Project Funded by COP	\$ -	\$ -	\$ -
403 Staff Development	\$ 39,258	\$ 39,258	\$ -	467 LTFM	\$ -	\$ -	\$ -
406 Health and Safety	\$ -	\$ -	\$ -	<i>Restricted:</i>			
407 Capital Project Levy	\$ -	\$ -	\$ -	464 Restricted Fund Balance	\$ 68,392,646	\$ 68,392,646	\$ -
408 Cooperative Revenue	\$ -	\$ -	\$ -	<i>Unassigned:</i>			
413 Project Funded by COP	\$ -	\$ -	\$ -	463 Unassigned Fund Balance	\$ -	\$ -	\$ -
414 Operating Debt	\$ -	\$ -	\$ -				
416 Levy Reduction	\$ -	\$ -	\$ -	07 DEBT SERVICE			
417 Taconite Building Maint	\$ -	\$ -	\$ -	Total Revenue	\$ 739,089	\$ 739,089	\$ -
424 Operating Capital	\$ 766,123	\$ 766,123	\$ -	Total Expenditures	\$ 747,500	\$ 747,500	\$ -
426 \$25 Taconite	\$ -	\$ -	\$ -	<i>Nonspendable:</i>			
427 Disabled Accessibility	\$ -	\$ -	\$ -	460 Nonspendable Fund Balance	\$ -	\$ -	\$ -
428 Learning & Development	\$ 19,635	\$ 19,635	\$ -	<i>Restricted/Reserved:</i>			
434 Area Learning Center	\$ -	\$ -	\$ -	425 Bond Refunding	\$ -	\$ -	\$ -
435 Contracted Alt. Programs	\$ -	\$ -	\$ -	433 Maximum Effort Loan Aid	\$ -	\$ -	\$ -
436 State-Approved Alt. Programs	\$ -	\$ -	\$ -	451 OZAB Payments	\$ -	\$ -	\$ -
438 Gifted & Talented	\$ -	\$ -	\$ -	<i>Restricted:</i>			
440 Teacher Development and Evaluations	\$ -	\$ -	\$ -	464 Restricted Fund Balance	\$ 261,298	\$ 261,298	\$ -
441 Basic Skills Programs	\$ 425,825	\$ 425,825	\$ -	<i>Unassigned:</i>			
445 Career Tech Programs	\$ -	\$ -	\$ -	463 Unassigned Fund Balance	\$ -	\$ -	\$ -
448 Achievement and Integration	\$ -	\$ -	\$ -				
449 Safe Schools Crime - Crime Levy	\$ 11,898	\$ 11,898	\$ -	08 TRUST			
451 OZAB Payments	\$ -	\$ -	\$ -	Total Revenue	\$ -	\$ -	\$ -
452 OPEB Liab Not in Trust	\$ -	\$ -	\$ -	Total Expenditures	\$ -	\$ -	\$ -
453 Unfunded Sev & Retirement Levy	\$ -	\$ -	\$ -				
456 READ Act - Literacy Aid	\$ 17,764	\$ 17,764	\$ -	422 Unassigned Fund Balance (Net Assets)	\$ -	\$ -	\$ -
457 READ Act - Tchr Training Compensation	\$ 13,222	\$ 13,222	\$ -				
459 Basic Skills Extended Time	\$ -	\$ -	\$ -	18 CUSTODIAL			
467 LTFM	\$ 247,882	\$ 247,882	\$ -	Total Revenue	\$ 480	\$ 480	\$ -
471 Student Support Personnel Aid	\$ 80,000	\$ 80,000	\$ -	Total Expenditures	\$ -	\$ -	\$ -
472 Medical Assistance	\$ 283,229	\$ 283,229	\$ -	<i>Restricted/Reserved:</i>			
<i>Restricted:</i>				401 Student Activities	\$ 480	\$ 480	\$ -
464 Restricted Fund Balance	\$ -	\$ -	\$ -	402 Scholarships	\$ 7,954	\$ 7,954	\$ -
475 Title VII Impact Aid	\$ -	\$ -	\$ -				
476 Payments in Lieu of Taxes	\$ -	\$ -	\$ -	20 INTERNAL SERVICE			
<i>Committed:</i>				Total Revenue	\$ -	\$ -	\$ -
418 Committed for Separation	\$ -	\$ -	\$ -	Total Expenditures	\$ -	\$ -	\$ -
461 Committed Fund Balance	\$ -	\$ -	\$ -	422 Unassigned Fund Balance (Net Assets)	\$ -	\$ -	\$ -
<i>Assigned:</i>							
462 Assigned Fund Balance	\$ -	\$ -	\$ -	25 OPEB REVOCABLE TRUST			
<i>Unassigned:</i>				Total Revenue	\$ -	\$ -	\$ -
422 Unassigned Fund Balance	\$ 2,329,703	\$ 2,329,700	\$ 3	Total Expenditures	\$ -	\$ -	\$ -
				422 Unassigned Fund Balance (Net Assets)	\$ -	\$ -	\$ -
02 FOOD SERVICES				45 OPEB IRREVOCABLE TRUST			
Total Revenue	\$ 581,962	\$ 581,962	\$ -	Total Revenue	\$ -	\$ -	\$ -
Total Expenditures	\$ 524,580	\$ 524,579	\$ 1	Total Expenditures	\$ -	\$ -	\$ -
<i>Nonspendable:</i>				422 Unassigned Fund Balance (Net Assets)	\$ -	\$ -	\$ -
460 Nonspendable Fund Balance	\$ 8,526	\$ 8,525	\$ 1				
<i>Restricted/Reserved:</i>				47 OPEB DEBT SERVICE			
452 OPEB Liab Not in Trust	\$ -	\$ -	\$ -	Total Revenue	\$ -	\$ -	\$ -
<i>Restricted:</i>				Total Expenditures	\$ -	\$ -	\$ -
464 Restricted Fund Balance	\$ 346,048	\$ 346,049	\$ (1)	<i>Nonspendable:</i>			
<i>Unassigned:</i>				460 Nonspendable Fund Balance	\$ -	\$ -	\$ -
463 Unassigned Fund Balance	\$ -	\$ -	\$ -	<i>Restricted:</i>			
				425 Bond Refundings	\$ -	\$ -	\$ -
04 COMMUNITY SERVICE				464 Restricted Fund Balance	\$ -	\$ -	\$ -
Total Revenue	\$ 336,093	\$ 336,093	\$ -	<i>Unassigned:</i>			
Total Expenditures	\$ 320,555	\$ 320,555	\$ -	463 Unassigned Fund Balance	\$ -	\$ -	\$ -
<i>Nonspendable:</i>							
460 Nonspendable Fund Balance	\$ -	\$ -	\$ -				
<i>Restricted/Reserved:</i>							
426 \$25 Taconite	\$ -	\$ -	\$ -				
431 Community Education	\$ 83,537	\$ 83,537	\$ -				
432 E.C.F.E.	\$ 21,881	\$ 21,881	\$ -				
440 Teacher Development and Evaluations	\$ -	\$ -	\$ -				
444 School Readiness	\$ (314,091)	\$ (314,091)	\$ -				
447 Adult Basic Education	\$ -	\$ -	\$ -				
452 OPEB Liab Not in Trust	\$ -	\$ -	\$ -				
<i>Restricted:</i>							
464 Restricted Fund Balance	\$ 1,907	\$ 1,908	\$ (1)				
<i>Unassigned:</i>							



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.