

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2025



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INDEPENDENT SCHOOL DISTRICT NO. 204
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INTRODUCTORY SECTION

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
BOARD OF EDUCATION AND ADMINISTRATION
JUNE 30, 2025**

BOARD OF EDUCATION

Mark Torkelson	Chair
Patrick Madery	Treasurer
Kate Ryan	Clerk
Aaron Stockard	Director
Elizabeth Armstrong	Director
Angie Richards	Director
Eric Mesa	Director

ADMINISTRATION

Beth Giese	Superintendent of Schools
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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Education
Kasson-Mantorville Public Schools
Independent School District No. 204
Kasson, 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 Kasson-Mantorville Public Schools Independent School District No. 204 (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, and, where applicable, cash flows thereof 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

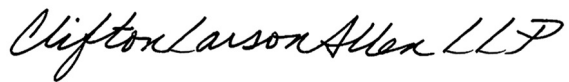
Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, 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
Kasson-Mantorville Public Schools
Independent School District No. 204

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2025, 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Rochester, Minnesota
November 24, 2025

REQUIRED SUPPLEMENTARY INFORMATION

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

This section of Independent School District No. 204's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2025. Please read it in conjunction with the District's financial statements which immediately follow this letter.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2024-25 fiscal year include the following:

- Net Position on June 30, 2024 was \$777 and on June 30, 2025 was \$1,930,642.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts: Independent Auditors' Report, Required Supplementary Information which includes MD&A (this section), the basic financial statements, and other required reports and information.

The basic financial statements include several statements that present different views of the District:

- The ***district-wide financial statements***, including the *Statement of Net Position* and the *Statement of Activities*, 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 District maintains three groups of fund financial statements. They are:
 - ***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.
 - ***Proprietary funds statements*** offer short-term and long-term financial information about the activities the School District operates in a manner similar to businesses.
 - ***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 district-wide statements (Statement of Net Position and Statement of Activities) report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and deferred outflows of resources and 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.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The two district-wide statements report the District's net position and how it has 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 District's overall health, additional consideration should be given to 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 titled Governmental Activities:

- **Governmental Activities:** Includes most of the District's basic services, such as regular instruction and special education, transportation, and administration. Property taxes and state formula 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 rather than 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.

The District has three kinds of funds:

- **Governmental funds:** The District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets 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 determines whether there are more or less financial resources that can be spent in the future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information (reconciliation schedules) is provided following the governmental funds statements that explains the relationship (or differences) between these two types of financial statement presentations.
- **Proprietary funds:** The District uses internal service funds to report activities that provide supplies and services for the District's other programs and activities. The District currently has one internal service fund to accumulate resources for the future payment of other postemployment benefits.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
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 assets that belong to others, such as the custodial fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's total combined net position was \$1,930,642 on June 30, 2025.

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

	Governmental Activities as of June 30,		Percentage Change
	2025	2024	
Current and Other Assets	\$ 17,133,261	\$ 16,168,100	5.97 %
Capital and Noncurrent Assets	57,603,954	59,088,725	(2.51)
Total Assets	74,737,215	75,256,825	(0.69)
Deferred Outflows of Resources	3,663,254	4,477,398	(18.18)
Current Liabilities	6,570,857	5,730,590	14.66
Long-Term Liabilities	58,071,114	65,134,538	(10.84)
Total Liabilities	64,641,971	70,865,128	(8.78)
Deferred Inflows of Resources	11,827,856	8,868,318	33.37
Net Position:			
Net Investment in Capital Assets	13,177,696	11,748,006	12.17
Restricted	3,375,365	3,198,386	5.53
Unrestricted	(14,622,419)	(14,945,615)	(2.16)
Total Net Position	\$ 1,930,642	\$ 777	248,373.87

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

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

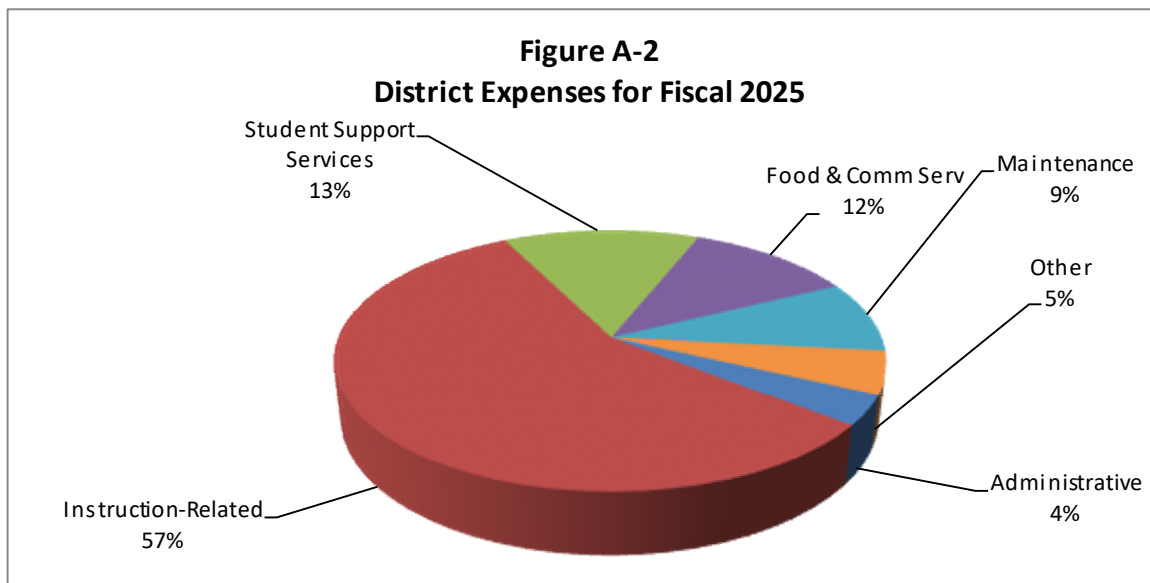
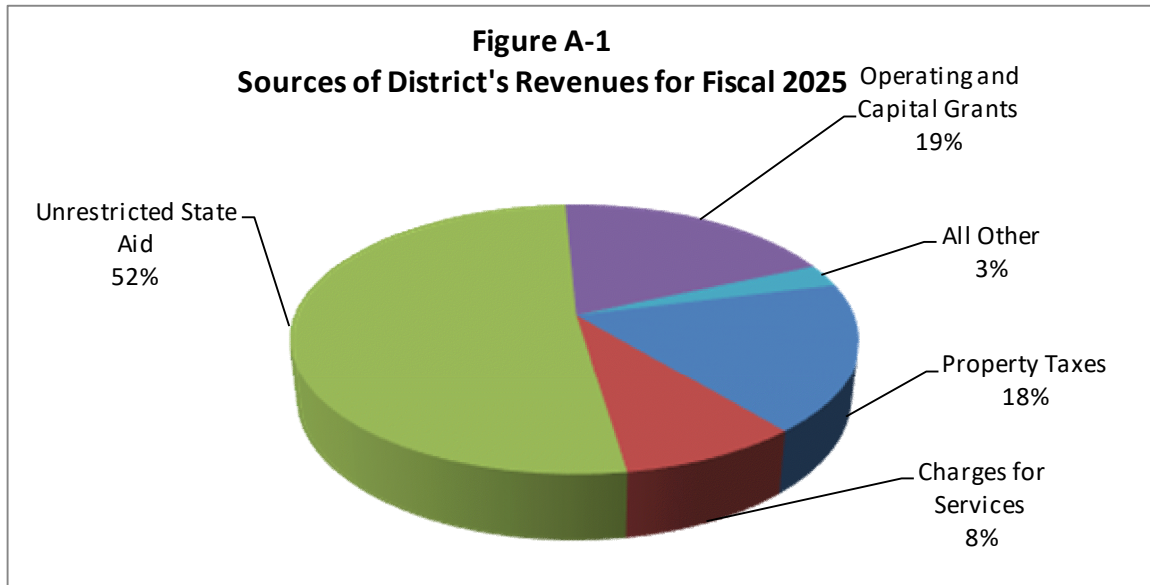
	Governmental Activities for the Fiscal Year Ended June 30,		Total % Change
	2025	2024	
Revenues			
<u>Program Revenues</u>			
Charges for Services	\$ 3,155,668	\$ 3,258,767	(3.16)%
Operating Grants and Contributions	6,610,586	5,833,384	13.32
Capital Grants and Contributions	362,604	389,058	(6.80)
<u>General Revenues</u>			
Property Taxes	6,513,697	5,957,459	9.34
Unrestricted State Aid	18,844,523	19,023,986	(0.94)
Investment Earnings	375,252	384,222	(2.33)
Other	620,068	482,852	28.42
Total Revenues	36,482,398	35,329,728	3.26
Expenses			
Administration	1,295,900	1,181,008	9.73
District Support Services	533,869	553,844	(3.61)
Regular Instruction	14,801,375	13,382,232	10.60
Vocational Education Instruction	797,954	704,754	13.22
Special Education Instruction	4,025,684	3,383,913	18.97
Instructional Support Services	1,931,415	2,059,763	(6.23)
Pupil Support Services	2,238,366	2,002,888	11.76
Sites and Buildings	3,074,502	3,054,803	0.64
Fiscal and Other Fixed Cost Programs	453,451	210,616	115.30
Food Service	1,353,872	1,417,964	(4.52)
Community Service	2,668,910	2,568,580	3.91
Interest and Fiscal Charges on			
Long-Term Liabilities	1,377,235	1,763,237	(21.89)
Total Expenses	34,552,533	32,283,602	7.03
Increase in Net Position	1,929,865	3,046,126	
Net Position - Beginning	777	(3,045,349)	
Net Position - Ending	\$ 1,930,642	\$ 777	

Changes in net position. The District's total revenues were \$36,482,398 for the year ended June 30, 2025, which was an increase of \$1,152,670 from the prior year. (See Table A-2 above.)

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Unrestricted state aid along with local property taxes accounted for 70% of the total revenue for the year (see Figure A-1). Operating and capital grants and contributions for specific programs contributed 19% and the remaining 11% is from fees charged for services and miscellaneous sources.



**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

The total cost of all programs and services was \$34,552,553. The District's expenses are predominantly related to student education and student educational support (70%). (See Figure A-2).

Governmental Activities

Table A-3 presents the cost of 12 major District activities such as, instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and others.

The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

- The federal government subsidized certain programs with grants of approximately \$716,312.
- District and state taxpayers financed \$29,897,958 of the District's costs. This portion of governmental activities was financed with \$5,954,134 in property taxes and \$23,943,824 of state aid based on education aid formulas and grants.

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

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2025	2024		2025	2024	
Administration	\$ 1,295,900	\$ 1,181,008	9.73%	\$ 1,296,320	\$ 1,180,983	9.77%
District Support Services	533,869	553,844	-3.61%	533,203	552,815	-3.55%
Regular Instruction	14,801,375	13,382,232	10.60%	12,275,437	10,479,554	17.14%
Vocational Education Instruction	797,954	704,754	13.22%	287,637	674,136	-57.33%
Special Education Instruction	4,025,684	3,383,913	18.97%	1,045,217	1,165,054	-10.29%
Instructional Support Services	1,931,415	2,059,763	-6.23%	1,817,940	1,846,946	-1.57%
Pupil Support Services	2,238,366	2,002,888	11.76%	2,176,577	1,984,151	9.70%
Sites and Buildings	3,074,502	3,054,803	0.64%	2,860,158	2,887,905	-0.96%
Fiscal and Other Fixed Cost Programs	453,451	210,616	115.30%	453,451	210,616	115.30%
Food Service	1,353,872	1,417,964	-4.52%	(79,012)	(172,233)	-54.12%
Community Service	2,668,910	2,568,580	3.91%	379,512	229,229	65.56%
Interest and Fiscal Charges on Long-Term Liabilities	1,377,235	1,763,237	-21.89%	1,377,235	1,763,237	-21.89%
Total	<u>\$ 34,552,533</u>	<u>\$ 32,283,602</u>	7.03%	<u>\$ 24,423,675</u>	<u>\$ 22,802,393</u>	7.11%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is also reflected in its governmental funds. At the end of the 2024-25 fiscal year, the District's governmental funds reported combined fund balances of \$6,823,504. This includes nonspendable, restricted, assigned, and unassigned fund balances.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)

General Fund

The General Fund is used to account for all revenues and expenditures of the School District not accounted for elsewhere. The General Fund is used to account for: K-12 educational activities; District instructional and student support programs; expenditures for the superintendent; District administration; normal operations and maintenance; pupil transportation; capital expenditures; and legal school District expenditures not specifically designated to be accounted for in any other fund.

Enrollment

Funding for Minnesota school districts is largely driven by enrollment. The majority of Minnesota school districts are facing declining enrollment. Over the last five years, the District has experienced an average of approximately -.90% loss. (See Table A-4 below).

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

Grade					
Grade	20-21	21-22	22-23	23-24	24-25
Kdgt.	188	169	169	180	158
1-3	491	464	462	470	461
4-6	536	521	521	495	497
7-12	1,013	993	1,005	1,034	1,037
Total K-12	2,228	2,147	2,157	2,179	2,153
ADM Change	(27)	(81)	10	22	(26)
Percent Change	-1.2%	-3.6%	0.5%	1.0%	-1.2%

The District will continue to monitor its enrollment for projecting future budgets.

**Table A-5
General Fund Revenues**

	Year Ended		Change	
	June 30, 2025	June 30, 2024	Increase (Decrease)	Percent Change
Local Sources:				
Property Taxes	\$ 2,696,398	\$ 2,368,204	\$ 328,194	13.9 %
Earnings on Investments	234,938	199,363	35,575	17.8
Other	1,714,256	1,694,399	19,857	1.2
State Sources	22,906,118	21,758,255	1,147,863	5.3
Federal Sources	219,060	514,078	(295,018)	(57.4)
Total General Fund Revenues	<u>\$ 27,770,770</u>	<u>\$ 26,534,299</u>	<u>\$ 1,236,471</u>	4.7

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)

Revenues

The formula allowance was at \$7,281 per adjusted marginal cost pupil unit for the 2024-25 fiscal year. Revenues totaled \$27,770,770, an increase of \$1,236,471 compared to fiscal year 2024.

**Table A-6
General Fund Expenditures**

	Year Ended		Amount of	Percent
	June 30, 2025	June 30, 2024	Increase (Decrease)	Increase (Decrease)
Salaries	\$ 16,009,855	\$ 15,208,287	\$ 801,568	5.3%
Employee Benefits	4,520,220	4,241,127	279,093	6.6%
Purchased Services	3,649,146	3,317,939	331,207	10.0%
Supplies and Materials	1,522,670	1,649,012	(126,342)	-7.7%
Capital Expenditures	1,453,667	1,337,131	116,536	8.7%
Other Expenditures	481,608	377,626	103,982	27.5%
Total General Fund Expenditures	<u>\$ 27,637,166</u>	<u>\$ 26,131,122</u>	<u>\$ 1,506,044</u>	5.8%

Expenditures

Expenditures totaled \$27,637,166, an increase of \$1,506,044 over the previous year. The 5.8% expenditure increase is due primarily to increased salaries and benefits, purchased services and other expenditures.

Fund Balance

The District has an unassigned fund balance is \$1,993,184 and the restricted fund balance is \$598,925. The District has assigned funds for future obligations for \$710,875. The District also has Assets held for Resale totaling \$455,961 – these consist of the Construction Tech House for FY25.

The District monitors the General Fund unassigned statutory fund balance by periodically reviewing the budget throughout the fiscal year. The School Board has adopted a formal fund balance policy to strengthen the financial position of the District and to reach a target of 10% (as a percentage of expenditures) fund balance in the General Fund unassigned category.

General Fund Budget

The actual revenues for the general fund exceeded budgeted amounts by \$145,823, a difference of .5%. The actual expenditures of the general fund exceeded budgeted amounts by \$379,112, a difference of 1.4%. Overall, the general fund budget anticipated an increase to fund balance of \$369,393, whereas the actual increase in fund balance was \$72,246.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)

Food Service Fund

The Food Service Fund revenue for 2024-25 totaled \$1,473,927 and expenditures were \$1,326,335. The June 30, 2025 restricted fund balance is now at \$982,969. The District contracts with Taher Services for District food services.

Community Service Fund

The Community Service Fund revenue for 2024-25 totaled \$2,536,005 and expenditures were \$2,668,099. The June 30, 2025 the total fund balances are \$276,849. The Community Ed program continues to see expansion of its school age childcare program and with the full implementation of the infant / toddler childcare program, these programs saw increased revenue and expenses.

Debt Service Fund

The Debt Service Fund is used to record revenues and expenditures for a school district's outstanding bonded indebtedness, whether for building construction, operating capital, or for initial or refunding bonds. The Debt Service Fund revenue for 2024-25 totaled \$4,733,872 and expenditures were \$4,607,363. The June 30, 2025, restricted fund balance is \$1,251,922. The expenditure budget is based on the payment schedule of bond principal and interest on the school building bonds issued in 2024, school building refunding bonds issued in 2016, capital facility bond issued in 2018 and facilities

Capital Asset and Debt Administration

Capital Assets

By the end of 2025, the district had invested approximately \$58 million, net of depreciation, in a broad range of capital assets, including school buildings, computer and audio-visual equipment, and other equipment for various instructional programs. Total depreciation and amortization expense for the year was \$2,530,709. More detailed information about capital assets can be found in Note 4 to the financial statements.

**Table A-7
Capital Assets**

	Year Ended		Percentage Change
	2025	2024	
Land	\$ 77,700	\$ 77,700	- %
Construction in Progress	490,046	-	N/A
Land Improvements	4,642,547	4,642,547	-
Buildings and Improvements	78,630,666	78,512,733	0.2
Equipment	12,954,847	12,652,294	2.4
Less: Accumulated Depreciation	(39,337,796)	(36,879,807)	6.7
Right-to-Use Lease Asset	281,106	145,700	92.9
Less: Accumulated Amortization	(135,162)	(62,442)	116.5
Total	<u>\$ 57,603,954</u>	<u>\$ 59,088,725</u>	(2.5)

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)

Long-Term Liabilities

For the fiscal year ended June 30, 2025, the District had \$39,765,000 in general obligation bonds outstanding. The District also had approximately \$1,470,026 in compensated absences payable as of June 30, 2025. More detailed information about the District's long-term liabilities is presented in Note 5 of the financial statements.

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

	2025	2024	Percentage Change
General Obligation Bonds	\$ 39,765,000	\$ 42,675,000	(6.8)%
Bond Premiums	3,868,566	4,437,502	(12.8)
Leases Payable	156,146	89,210	75.0
Compensated Absences Payable	1,470,026	626,553	134.6
Total Long-Term Liabilities	<u>\$ 45,259,738</u>	<u>\$ 47,828,265</u>	(5.4)
Long-Term Liabilities:			
Due Within One Year	\$ 2,835,078	\$ 2,996,818	
Due in More Than One Year	42,424,660	44,831,447	
Total	<u>\$ 45,259,738</u>	<u>\$ 47,828,265</u>	

FACTORS BEARING ON THE DISTRICT'S FUTURE

The District is dependent on the state of Minnesota for its revenue authority. The Legislature set the basic formula allowance for 2024-25 at \$7,281 per pupil unit. Accordingly, the District continues to monitor enrollment and utilize detailed and conservative budgeting and budget monitoring processes. The District will continue to seek all available sources of funding, respond to changes in enrollment, balance revenue to expenditures, and maintain systems that ensure financial stability.

The most significant factors influencing the financial position of the District are its enrollment and the always increasing costs of maintenance, supplies, and personnel. The District plans to continue to work on conservative spending and providing high quality education to students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, ISD No. 204, 101 16th Street NE, Kasson, MN 55944 or visit the District's website at www.komets.k12.mn.us.

BASIC FINANCIAL STATEMENTS

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
STATEMENT OF NET POSITION
JUNE 30, 2025**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 10,128,085
Receivables:	
Property Taxes	3,956,113
Other Governments	2,572,411
Other	11,263
Inventory	9,428
Land Held for Resale	455,961
Capital Assets:	
Land and Construction in Progress	567,746
Other Capital Assets, Net of Depreciation	56,890,264
Other Capital Assets, Net of Amortization	145,944
Total Assets	<u>74,737,215</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related	3,507,452
Other Postemployment Benefit Related	155,802
Total Deferred Outflows of Resources	<u>3,663,254</u>
LIABILITIES	
Salaries Payable	2,085,884
Accounts Payable	701,139
Accrued Interest	724,737
Due to Other Governmental Units	120,666
Unearned Revenue	7,567
Long-Term Liabilities:	
Portion Due Within One Year	2,835,078
Portion Due in More Than One Year	42,424,660
Net Pension Liability	12,939,485
Other Postemployment Benefit Liability - Due Within One Year	95,786
Other Postemployment Benefit Liability - Due in More Than One Year	2,706,969
Total Liabilities	<u>64,641,971</u>
DEFERRED INFLOWS OF RESOURCES	
Property Taxes Levied for Subsequent Year	6,743,558
Gain on Bond Refunding	121,998
Pension Related	4,696,225
Other Postemployment Benefit Related	266,075
Total Deferred Inflows of Resources	<u>11,827,856</u>
NET POSITION	
Net Investment in Capital Assets	13,177,696
Restricted for:	
Operating Capital Purposes	213,901
State-Mandated Reserves	789,187
Food Service	982,969
Community Service	278,085
Capital Projects	552,819
Debt Service	558,404
Unrestricted	(14,622,419)
Total Net Position	<u><u>\$ 1,930,642</u></u>

See accompanying Notes to Financial Statements.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Functions	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental Activities			
Administration	\$ 1,295,900	\$ -	\$ (420)
District Support Services	533,869	-	37
Regular Instruction	14,801,375	336,379	2,114,279
Vocational Education Instruction	797,954	495,850	14,467
Special Education Instruction	4,025,684	62,345	2,918,122
Instructional Support Services	1,931,415	-	(483)
Pupil Support Services	2,238,366	-	38,204
Sites and Buildings	3,074,502	65,054	138
Fiscal and Other Fixed Cost Programs	453,451	-	-
Food Service	1,353,872	144,716	1,288,168
Community Service	2,668,910	2,051,324	238,074
Interest and Fiscal Charges on Long-Term Liabilities	1,377,235	-	-
Total School District	<u>\$ 34,552,533</u>	<u>\$ 3,155,668</u>	<u>\$ 6,610,586</u>

GENERAL REVENUES

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

CHANGE IN NET POSITION

Net Position - Beginning

NET POSITION - ENDING

See accompanying Notes to Financial Statements.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2025**

	Net (Expense) Revenue and Change in Net Position
<u>Capital Grants and Contributions</u>	<u>Total Governmental Activities</u>
\$ -	\$ (1,296,320)
629	(533,203)
75,280	(12,275,437)
-	(287,637)
-	(1,045,217)
113,958	(1,817,940)
23,585	(2,176,577)
149,152	(2,860,158)
-	(453,451)
-	79,012
-	(379,512)
-	(1,377,235)
<u>\$ 362,604</u>	(24,423,675)
	2,729,418
	141,792
	3,642,487
	18,844,523
	375,252
	<u>620,068</u>
	<u>26,353,540</u>
	1,929,865
	<u>777</u>
	<u>\$ 1,930,642</u>

See accompanying Notes to Financial Statements.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	Major Funds		
	General	Capital Projects	Debt Service
ASSETS			
Cash and Investments	\$ 4,635,702	\$ 552,819	\$ 2,915,773
Receivables:			
Current Property Taxes	1,282,714	-	2,541,022
Delinquent Property Taxes	20,025	-	31,219
Due from Other Minnesota School Districts	54,702	-	-
Due from Minnesota Department of Education	2,359,096	-	101,106
Due from Federal through Minnesota Department of Education	36,228	-	-
Other Receivables	-	-	-
Assets Held for Resale	455,961	-	-
Inventory	-	-	-
Total Assets	<u>\$ 8,844,428</u>	<u>\$ 552,819</u>	<u>\$ 5,589,120</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Salaries and Payroll Deductions Payable	\$ 2,037,886	\$ -	\$ -
Accounts and Contracts Payable	625,545	-	-
Due to Other Governmental Units	120,666	-	-
Unearned Revenue	-	-	-
Total Liabilities	<u>2,784,097</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:			
Property Taxes Levied for Subsequent Year	2,281,361	-	4,305,979
Unavailable Revenue - Delinquent Property Taxes	20,025	-	31,219
Total Deferred Inflows of Resources	<u>2,301,386</u>	<u>-</u>	<u>4,337,198</u>
Fund Balances:			
Nonspendable:			
Inventory	-	-	-
Assets Held for Resale	455,961	-	-
Restricted for:			
Student Activities	373,351	-	-
Staff Development	4,092	-	-
Literacy Incentive	93,663	-	-
Operating Capital	213,901	-	-
Long-Term Facility Maintenance	-	88,585	-
Medical Assistance	7,327	-	-
Community Education Programs	-	-	-
Early Childhood and Family Education Programs	-	-	-
Gifted and Talented	67	-	-
English Learner	938	-	-
Basic Skills Programs	154,287	-	-
School Readiness	-	-	-
READ Act - Literacy Aid	86,013	-	-
READ Act - Tchr Training Compensation	69,449	-	-
Restricted for Other Purposes	-	464,234	1,251,922
Assigned for:			
Future Budget Deficits	710,875	-	-
Unassigned	1,589,021	-	-
Total Fund Balances	<u>3,758,945</u>	<u>552,819</u>	<u>1,251,922</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,844,428</u>	<u>\$ 552,819</u>	<u>\$ 5,589,120</u>

See accompanying Notes to Financial Statements.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2025**

Other Governmental Funds	Total Governmental Funds 2025
\$ 1,425,328	\$ 9,529,622
79,897	3,903,633
1,236	52,480
-	54,702
21,279	2,481,481
-	36,228
11,263	11,263
-	455,961
9,428	9,428
<u>\$ 1,548,431</u>	<u>\$ 16,534,798</u>
\$ 47,998	\$ 2,085,884
75,594	701,139
-	120,666
7,567	7,567
<u>131,159</u>	<u>2,915,256</u>
156,218	6,743,558
1,236	52,480
<u>157,454</u>	<u>6,796,038</u>
9,428	9,428
-	455,961
-	373,351
-	4,092
-	93,663
-	213,901
-	88,585
-	7,327
115,083	115,083
96,165	96,165
-	67
-	938
-	154,287
65,601	65,601
-	86,013
-	69,449
973,541	2,689,697
-	
-	710,875
-	1,589,021
<u>1,259,818</u>	<u>6,823,504</u>
<u>\$ 1,548,431</u>	<u>\$ 16,534,798</u>

See accompanying Notes to Financial Statements.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025**

Total Fund Balance for Governmental Funds	\$	6,823,504
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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		77,700
Construction in Progress		490,046
Land Improvements, Net of Accumulated Depreciation		2,073,961
Buildings and Improvements, Net of Accumulated Depreciation		52,051,397
Equipment, Net of Accumulated Depreciation		2,764,906
Right-to-Use Asset, Net of Accumulated Amortization		145,944

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.		52,480
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Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(724,737)
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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		(12,939,485)
Deferred Outflows of Resources - Pension Related		3,507,452
Deferred Inflows of Resources - Pension Related		(4,696,225)

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		(2,802,755)
Deferred Outflows of Resources - Other Postemployment Benefit Related		155,802
Deferred Inflows of Resources - Other Postemployment Benefit Related		(266,075)

Internal Service Funds are used by management to charge the costs of other postemployment benefits to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position. Internal Service Funds net position at year-end are:		598,463
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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		(39,765,000)
Unamortized Premiums		(3,868,566)
Unamortized Gain on Bond Refunding		(121,998)
Lease Liability		(156,146)
Compensated Absences Payable		(1,470,026)

Total Net Position of Governmental Activities	\$	1,930,642
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See accompanying Notes to Financial Statements.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025**

	Major Funds		
	General	Food Service	Community Service
REVENUES			
Local Sources:			
Property Taxes	\$ 2,696,398	\$ -	\$ -
Investment Income	234,938	-	-
Other	1,714,256	-	-
State Sources	22,906,118	-	-
Federal Sources	219,060	-	-
Total Revenues	27,770,770	-	-
EXPENDITURES			
Current:			
Administration	1,314,128	-	-
District Support Services	526,920	-	-
Elementary and Secondary Regular Instruction	12,613,753	-	-
Vocational Education Instruction	804,080	-	-
Special Education Instruction	4,075,880	-	-
Instructional Support Services	1,749,277	-	-
Pupil Support Services	2,067,766	-	-
Sites and Buildings	2,536,879	-	-
Fiscal and Other Fixed Cost Programs	253,451	-	-
Food Service	-	-	-
Community Service	-	-	-
Capital Outlay	1,453,667	-	-
Debt Service:			
Principal	68,470	-	-
Interest and Fiscal Charges	172,895	-	-
Total Expenditures	27,637,166	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	133,604	-	-
OTHER FINANCING SOURCES (USES)			
Lease Issuance	135,406	-	-
Proceeds from Insurance Recoveries	3,236	-	-
Transfers Out	(200,000)	-	-
Total Other Financing Sources (Uses)	(61,358)	-	-
NET CHANGE IN FUND BALANCES	72,246	-	-
FUND BALANCES			
Fund Balances - Beginning of Year, as Originally Reported	3,686,699	835,378	408,943
Change Within the Financial Reporting Entity	-	(835,378)	(408,943)
Fund Balances - Beginning of Year, as Adjusted	3,686,699	-	-
FUND BALANCES - END OF YEAR	<u>\$ 3,758,945</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Major Funds (Continued)		Other Governmental Funds	Total Governmental Funds 2025
Capital Projects	Debt Service		
\$ -	\$ 3,654,537	\$ 142,262	\$ 6,493,197
12,287	68,268	59,759	375,252
-	-	2,286,744	4,001,000
-	1,011,067	1,023,914	24,941,099
-	-	497,252	716,312
12,287	4,733,872	4,009,931	36,526,860
-	-	-	1,314,128
-	-	-	526,920
-	-	-	12,613,753
-	-	-	804,080
-	-	-	4,075,880
-	-	-	1,749,277
-	-	-	2,067,766
-	-	-	2,536,879
-	-	-	253,451
-	-	1,321,194	1,321,194
-	-	2,667,886	2,667,886
45,292	-	5,354	1,504,313
-	2,910,000	-	2,978,470
-	1,697,363	-	1,870,258
45,292	4,607,363	3,994,434	36,284,255
(33,005)	126,509	15,497	242,605
-	-	-	135,406
-	-	-	3,236
-	-	-	(200,000)
-	-	-	(61,358)
(33,005)	126,509	15,497	181,247
585,824	1,125,413	-	6,642,257
-	-	1,244,321	-
585,824	1,125,413	1,244,321	6,642,257
<u>\$ 552,819</u>	<u>\$ 1,251,922</u>	<u>\$ 1,259,818</u>	<u>\$ 6,823,504</u>

See accompanying Notes to Financial Statements.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Net Change in Fund Balance - Total Governmental Funds	\$	181,247
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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, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation or amortization expense.

Capital Outlays		1,045,938
Amortization Expense		(72,720)
Depreciation Expense		(2,457,989)

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.		20,500
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The use of some capital assets are structured as leases. In governmental funds, a lease agreement is considered a source of financing, and in the Statement of Net Position, the lease liability is reported. Repayment of lease principal is an expenditure in the governmental funds, but repayment reduces the lease liability in the Statement of Net Position.

Capital Lease Proceeds		(135,406)
Repayment of Lease Principal		68,470

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.		615,818
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In the Statement of Activities, certain operating expenses - compensated absences payable - are measured by amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (amounts actually paid).		(843,473)
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Other postemployment benefit expenditures in the governmental funds are measured by current year benefit payments. Other postemployment benefit expense on the statement of activities is measured by the change in total OPEB liability and the related deferred inflows and outflows of resources.		(82,489)
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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:

Repayment of Bond Principal		2,910,000
Change in Accrued Interest Liability		(92,922)
Amortization of Bond Premium		568,936
Amortization of Gain on Bond Refunding		17,009

Internal Service Funds are used by the District to charge the costs of other postemployment benefits. The net loss of the Internal Service Funds is reported with governmental activities.		186,946
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Change in Net Position of Governmental Activities	\$	1,929,865
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See accompanying Notes to Financial Statements.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2025**

	Governmental Activities - Internal Service Funds
ASSETS	
Cash and Investments	\$ 598,463
Total Assets	<u>598,463</u>
NET POSITION	
Unrestricted	<u>\$ 598,463</u>

See accompanying Notes to Financial Statements.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025**

	Governmental Activities - Internal Service Funds
OPERATING EXPENSES	
OPEB Payments	\$ 32,703
Total Operating Expenses	<u>32,703</u>
OPERATING LOSS	(32,703)
NONOPERATING INCOME	
Earnings on Investments	<u>19,649</u>
NET LOSS BEFORE CONTRIBUTIONS AND TRANSFERS	(13,054)
CONTRIBUTIONS AND TRANSFERS	
Interfund Permanent Transfers	<u>200,000</u>
CHANGE IN NET POSITION	186,946
Net Position - Beginning of Year	<u>411,517</u>
NET POSITION - END OF YEAR	<u><u>\$ 598,463</u></u>

See accompanying Notes to Financial Statements.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025**

	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments for Retirement Benefits	\$ (32,703)
Net Cash Used by Operating Activities	<u>(32,703)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer	<u>200,000</u>
Net Cash Provided by Noncapital Financing Activities	<u>200,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	<u>19,649</u>
Net Cash Provided by Investing Activities	<u>19,649</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	186,946
Cash and Cash Equivalents - Beginning of Year	<u>411,517</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 598,463</u></u>

See accompanying Notes to Financial Statements.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
FIDUCIARY FUND
JUNE 30, 2025**

Statement of Fiduciary Net Position

	Custodial Fund
ASSETS	
Cash and Investments	\$ 91,210
Total Assets	<u>91,210</u>
NET POSITION	
Restricted for Joint Venture	<u>\$ 91,210</u>

**Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2025**

	Custodial Fund
ADDITIONS	
Joint Venture Revenue	\$ 40,000
Total Additions	<u>40,000</u>
DEDUCTIONS	
Joint Venture Expenses	16,794
Total Deductions	<u>16,794</u>
CHANGE IN NET POSITION	23,206
Net Position - Beginning of Year	<u>68,004</u>
NET POSITION - END OF YEAR	<u>\$ 91,210</u>

See accompanying Notes to Financial Statements.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
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. 204 (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. This GASB pronouncements are recognized as accounting principles general accepted in the United States of America for state and local governments.

B. Financial Reporting Entity

The District is an instrumentality of the state of Minnesota established to function as an education institution. The elected School Board (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 burden on the organization. These financial statements include all funds of the District. There are no other entities for which the District is financially accountable.

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 financially accountable for these activities. Accordingly, the accounts and transactions for those activity funds are included in the financial statements within the General Fund.

C. Basic Financial Statement Presentation

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

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation (Continued)

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

The District applies restricted revenues 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, Proprietary Funds and Fiduciary Funds. Major individual Governmental Funds are reported as separate columns in the Fund Financial Statements.

The Internal Service Fund is presented in the Proprietary Fund Financial Statements. Because the principal user of the internal services is the District's governmental activities, the financial statement of the Internal Service Fund is consolidated in the governmental activities column when presented in the Government-Wide Financial Statements. The cost of these services is reported in the appropriate functional activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District's Internal Service Fund is other postemployment benefit contributions. Operating expenses for the Internal Service Fund include the payment of other postemployment benefits. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

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

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

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

Description of Funds

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

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Description of Funds (Continued)

Major Governmental Funds

General Fund – The General Fund is used to account for all financial resources except those 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.

Capital Projects Fund – The Capital Projects Fund is used to account for the revenues from bond proceeds and expenditures related to the additions and upgrades to building facilities.

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.

Nonmajor Governmental Funds

Food Service Special Revenue Fund – The Food Service Special Revenue 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.

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.

Proprietary Fund

Internal Service Fund – The Internal Service Fund accounts for financing goods and services provided by one department to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The District's Internal Service Fund accumulates resources for the future payment of other postemployment benefits and severance benefits.

Fiduciary Fund

Custodial Fund – The Custodial Fund accounts for activity for the Kasson-Mantorville Recreational Facility Board. The District is the custodian of these funds and gets no financial benefit from them.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgeting

Budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America. Each June, the School Board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service, and Debt Services 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 School Board each year. Reported budgeted amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level.

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

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

Budget provisions for the Debt Service Fund are set by state law governing required debt service levels.

F. Cash and Investments

Cash and investments consist of demand deposit accounts, time/savings accounts, deposits in the Minnesota School District Liquid Asset Fund (MSDLAF), and deposits in the MN Trust Investment Shares Portfolio. 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.

For purposes of the statement of cash flows, the District's internal service fund considers demand deposits and all highly liquid investments with an original maturity of three months or less when purchased, such as the Minnesota School District Liquid Asset Fund (MSDLAF), and deposits in the MN Trust Investment Shares Portfolio, to be cash equivalents.

G. 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 receivables not expected to be collected within one year are current property taxes receivable.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
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. Assets Held for Resale

Assets held for resale is recorded at the lower of cost or net realizable value and consists of a home built by the District's vocational instruction classes and lots to be used for building homes for vocational construction classes.

J. Property Taxes

Property tax levies are established by the School Board in December each year and are certified to the County for collection the following calendar year. In Minnesota, counties act as collection agents for all property taxes 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 consists of an amount equal to 31% of the District's combined 2000 Pay 2001 operating referendum levy (frozen at \$66,447) for the District. 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.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Property Taxes (Continued)

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.

K. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The District maintains a threshold level of \$100,000 for capitalizing individual capital assets and a threshold of \$30,000 for capital asset group purchases. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

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

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

L. 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 assets 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 benefits-related*.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Long-Term Liabilities

In the Government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are amortized over the life of the bonds using the 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.

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.

N. Accrued Employee Benefits

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. The District accounts for the employee benefits as follows:

Employees earn annual vacation pay at rates dependent upon each employee group labor contract. All outstanding unpaid vacation pay is payable upon termination of employment. A liability for earned but unpaid vacation leave in the amount of \$46,705 is recorded in the District-wide financial statements.

Various employee and union contracts provide eligible employees with a payment for a portion of unused sick leave days upon termination of employment based on applicable eligibility requirements as specified by each employment contract. A liability for accrued severance benefits in the amount of \$1,009,156 is recorded in the Government-wide financial statements.

Remaining compensated absences payable of \$414,165 is sick leave estimated to paid out to employees that is not paid out at termination.

Other Postemployment Benefits Payable

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.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Balance

In the fund financial statements, Governmental Funds report nonspendable, restricted, committed, assigned or unassigned fund balances. Nonspendable portions of fund balance are related to inventory and assets held for resale. Restricted funds are constrained by outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the Board of Education. The Board of Education passed a resolution authorizing the Superintendent and the Business Manager the ability to assign fund balances and their intended uses. Unassigned fund balances are considered the remaining amounts.

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 fund balance is available, it is the District's policy to use committed first, then assigned and finally unassigned fund balance.

The District has a minimum fund balance policy, which identifies a minimum Unassigned General Fund balance of 10% of the annual budgeted expenditures.

P. Pensions

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

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 merger into TRA in 2006. A second direct aid source is from the State of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association 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.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. 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 assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has 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 of deferred inflows of resources is the gain on bond refunding and is being amortized over the life of the bonds. The fourth type is pension related. The fifth type of deferred inflows is OPEB related.

R. Unearned Revenue

Unearned revenues are those in which resources are received by the District before it has a legal claim to them. The District has reported unearned revenue for lunch account balances in the Food Service Special Revenue Fund.

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, Proprietary and Fiduciary Fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the District-wide financial 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.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Adoption of New Accounting Standards (Continued)

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.

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following fund at June 30, 2025:

	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund	\$ 27,258,054	\$ 27,637,166	\$ 379,112
Special Revenue Funds:			
Community Service Fund	2,633,886	2,668,099	34,213

The excess expenditures were covered by increased revenues or existing fund balance. The District transferred \$200,000 from the general fund to the internal service fund to maintain liquidity in the internal service fund.

NOTE 3 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 may not be returned to it. 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 School Board.

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.

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

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable 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.

B. Investments

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, 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.
- 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 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:

	<u>External Investment Pools</u>
Minnesota School District Liquid Asset Fund Plus (MSDLAF+) - Liquid Class	\$ 147,648
Minnesota School District Liquid Asset Fund Max Class (MSDMAX)	9,809,131
MN Trust Investment Shares Portfolio	287,928
Total External Investment Pools	<u>\$ 10,244,707</u>

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The Minnesota School District Liquid Asset Fund Plus (MSDLAF+), the Minnesota School District Liquid Asset Fund Max Series (MSDMAX), and the MN Trust Investment Shares Portfolio are external investment pools (Pools) that are managed to maintain a dollar-weighted average portfolio maturity of no greater than 60 days and seek to maintain a constant net asset value (NAV) per share of \$1.00. The Pools elect to measure their 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 credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2025 all investments and collateral were listed in the name of the District.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. That is measured by the assignment of a rating by a nationally recognized statistical rating organization. The following chart summarizes year-end ratings for the District's investments as rated by Standard & Poor's:

<u>Type</u>	<u>Credit Rating</u>
Minnesota School District Liquid Asset Fund Plus (MSDLAF+)	AAAm
Minnesota School District Liquid Asset Fund Max Series (MSDMAX)	AAAm
MN Trust Investment Shares Portfolio	AAA

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 market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities to meet cash requirements for ongoing operations.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

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

Deposits	\$ (25,412)
Minnesota School District Liquid Asset Fund Plus (MSDLAF+)	147,648
Minnesota School District Liquid Asset Fund Max Series (MSDMAX)	9,809,131
MN Trust Investment Shares Portfolio	287,928
Total Cash and Investments	<u>\$ 10,219,295</u>
Cash and Investments - Statement of Net Position	\$ 10,128,085
Cash and Investments - Statement of Fiduciary Funds Net Position	91,210
Total Cash and Investments	<u>\$ 10,219,295</u>

NOTE 4 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	\$ 77,700	\$ -	\$ -	\$ 77,700
Construction in Progress	-	490,046	-	490,046
Total Capital Assets, Not Being Depreciated	77,700	490,046	-	567,746
Capital Assets, Being Depreciated				
Land Improvements	4,642,547	-	-	4,642,547
Buildings and Improvements	78,512,733	117,933	-	78,630,666
Equipment	12,652,294	302,553	-	12,954,847
Total Capital Assets, Being Depreciated	95,807,574	420,486	-	96,228,060
Accumulated Depreciation for:				
Land Improvements	(2,364,279)	(204,307)	-	(2,568,586)
Buildings and Improvements	(24,804,183)	(1,775,086)	-	(26,579,269)
Equipment	(9,711,345)	(478,596)	-	(10,189,941)
Total Accumulated Depreciation	(36,879,807)	(2,457,989)	-	(39,337,796)
Total Capital Assets, Being Depreciated, Net	58,927,767	(2,037,503)	-	56,890,264
Capital Assets, Being Amortized				
Intangible Asset: Right-to-Use Building	145,700	-	-	145,700
Intangible Asset: Right-to-Use Equipment	-	135,406	-	135,406
Total Capital Assets, Being Amortized	145,700	135,406	-	281,106
Accumulated Amortization for:				
Intangible Asset: Right-to-Use Building	(62,442)	(20,814)	-	(83,256)
Intangible Asset: Right-to-Use Equipment	-	(51,906)	-	(51,906)
Total Accumulated Amortization	(62,442)	(72,720)	-	(135,162)
Total Capital Assets, Being Amortized, Net	83,258	62,686	-	145,944
Governmental Activities Capital Assets, Net	<u>\$ 59,088,725</u>	<u>\$ (1,484,771)</u>	<u>\$ -</u>	<u>\$ 57,603,954</u>

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities

Administration	\$ 999
District Support Services	1,054
Regular Instruction	2,053,870
Vocational Education Instruction	783
Special Education Instruction	11,477
Instructional Support Services	43,636
Pupil Support Services	115,889
Sites and Buildings	232,383
Food Service	27,537
Community Service	<u>43,081</u>
Total Depreciation and Amortization Expense, Governmental Activities	<u><u>\$ 2,530,709</u></u>

NOTE 5 LONG-TERM LIABILITIES

A. Components of Long-Term Liabilities

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

Issue Date	Interest Rate	Original Issue	Maturities	Principal Outstanding	
				Due Within One Year	Total
3/14/2024	4.00%-5.00%	\$ 31,900,000	2/1/2037	\$ 345,000	\$ 31,275,000
3/15/2016	3.00%-5.00%	19,860,000	2/1/2028	2,060,000	6,360,000
3/1/2018	3.00%-4.00%	2,740,000	2/1/2033	220,000	1,350,000
3/1/2018	3.00%	2,050,000	2/1/2033	<u>115,000</u>	<u>780,000</u>
Total General Obligation Bonds				2,740,000	39,765,000
Bond Premiums				-	3,868,566
Leases Payable				48,373	156,146
Compensated Absences Payable				<u>46,705</u>	<u>1,470,026</u>
Total				<u><u>\$ 2,835,078</u></u>	<u><u>\$ 45,259,738</u></u>

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

B. Minimum Debt Payments

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

Year Ending June 30.	General Obligation Bonds Payable		Leases Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 2,740,000	\$ 1,739,369	\$ 48,373	\$ 5,651	\$ 2,788,373	\$ 1,745,020
2027	2,830,000	1,650,269	50,355	3,668	2,880,355	1,653,937
2028	2,910,000	1,558,169	52,424	1,600	2,962,424	1,559,769
2029	3,030,000	1,463,269	4,994	10	3,034,994	1,463,279
2030	3,055,000	1,316,469	-	-	3,055,000	1,316,469
2031-2035	17,240,000	4,210,794	-	-	17,240,000	4,210,794
2036-2037	7,960,000	481,000	-	-	7,960,000	481,000
Total	<u>\$ 39,765,000</u>	<u>\$ 12,419,339</u>	<u>\$ 156,146</u>	<u>\$ 10,929</u>	<u>\$ 39,921,146</u>	<u>\$ 12,430,268</u>

C. Description of Long-Term Liabilities

General Obligation School Building Refunding Bonds, Series 2016A

On March 15, 2016, the District issued \$19,860,000 General Obligation School Building Refunding Bonds, Series 2016A at interest rates of 3.00% to 5.00%. The bonds are due in varying annual installments each February 1 through February 1, 2028 with interest due semi-annually on February 1 and August 1.

The proceeds of the issue were used to refund, in advance of their stated maturities, the remaining maturities of the District's General Obligation School Building Bonds, Series 2007A.

General Obligation Capital Facilities and Tax Abatement Bonds, Series 2018A

On March 1, 2018, the District issued \$2,740,000 of General Obligation Capital Facilities and Tax Abatement Bonds, Series 2018A at interest rates of 3.00% to 4.00%. The bonds are due in varying annual installments each February 1 through February 1, 2033 with interest due semi-annually on February 1 and August 1.

The proceeds of the issue were used for athletic field and facilities construction, as well as parking lot construction and improvements. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies are dedicated to retire these bonds.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Liabilities (Continued)

General Obligation Facilities Maintenance Bonds, Series 2018B

On March 1, 2018, the District issued \$2,050,000 of General Obligation Facilities Maintenance Bonds, Series 2018B at an interest rate of 3.00%. The bonds are due in varying annual installments each February 1 through February 1, 2033 with interest due semi-annually on February 1 and August 1.

The proceeds of the issue will be used for deferred maintenance projects and indoor air quality improvements as part of the District's 10-year facility plan. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies are dedicated to retire these bonds.

General Obligation School Building Refunding Bonds, Series 2024A

On March 14, 2024, the District issued \$31,900,000 General Obligation School Building Refunding Bonds, Series 2024A at interest rates of 4.00% to 5.00%. The bonds are due in varying annual installments each February 1 through February 1, 2037 with interest due semi-annually on February 1 and August 1.

The proceeds of the issue were used to refund, in advance of their stated maturities, the remaining maturities of the District's General Obligation School Building Bonds, Series 2014A.

Leases

The District entered into leases for the use of copy machines and a bus shed.

Compensated Absences Payable

The amount of estimated obligation at June 30, 2025 is \$1,470,026 The District's General Fund finances compensated absences on a pay-as-you-go basis.

D. Changes in Long-Term Liabilities

	June 30, 2024	Additions	Retirements	June 30, 2025
General Obligation Bonds	\$ 42,675,000	\$ -	\$ 2,910,000	\$ 39,765,000
Bond Premiums	4,437,502	-	568,936	3,868,566
Lease Payable	89,210	135,406	68,470	156,146
Compensated Absences Payable	626,553	843,473	-	1,470,026
Total	<u>\$ 47,828,265</u>	<u>\$ 978,879</u>	<u>\$ 3,547,406</u>	<u>\$ 45,259,738</u>

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

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 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 be used for Student Activity expenditures.

B. 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.

C. Restricted for Staff Development

In accordance with state statute, the fund balance restriction represents available resources dedicated exclusively for staff development.

D. Restricted for Literacy Incentive

In accordance with state statute, the fund balance restriction represents available resources dedicated exclusively for literacy programs.

E. Restricted for Basic Skills Programs

This restricted fund balance represents resources available for the basic skills uses.

F. Restricted for Long-Term Facility Maintenance (LTFM)

This restricted fund balance represents accumulated resources available to be used for LTFM projects in accordance with the District's 10-year plan.

G. Restricted for Gifted and Talented

The fund balance restriction represents general education aid resources to be expended for gifted and talented programs.

H. Restricted for Community Education Programs

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

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 RESTRICTED FUND BALANCES (CONTINUED)

I. 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.

J. Restricted for School Readiness

This restricted fund balance represents accumulated resources available to provide school readiness programming in accordance with funding made available for that purpose.

K. 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.

L. 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.

M. Restricted for Medical Assistance

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

N. Restricted for English Learner

The fund balance restriction represents resources available for English Learner students.

O. Restricted for Other Purposes

Represents amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

NOTE 7 ASSIGNED FUND BALANCES

Assignment of the fund balance indicates a tentative plan for future use of the funds. The following is a summary of the assigned fund balances.

A. Assigned for Future Budget Deficits

Represents resources assigned in amount equal to the projected general fund deficits in the District's five-year projection model.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 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.

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.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

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. 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 retirement 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.

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.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

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

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.

Tier II Benefits

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

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

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 Fund 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 \$382,576. The District's contributions were equal to the required contributions as set by state statute.

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 \$1,087,444. The District's contributions were equal to the required contributions for each year as set by state statute.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs

1. General Employees Fund Pension Costs

At June 30, 2025, the District reported a liability of \$2,175,265 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 \$56,248.

GERF Pension Costs

District's Proportionate Share of the Net	
Pension Liability	\$ 2,175,265
State of Minnesota's Proportionate Share of the	
Net Liability Associated with the District	<u>56,248</u>
	<u><u>\$ 2,231,513</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 .0588 percent at the end of the measurement period and .0591 percent for the beginning of the period.

For the year ended June 30, 2025, the District recognized pension expense of \$290,411 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized \$697 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the annual \$16 million contribution.

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 \$100,082 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.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund 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	\$ 204,532	\$ -
Changes in Actuarial Assumptions	10,620	823,302
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	631,680
Changes in Proportion	61,267	12,262
District Contributions Subsequent to the Measurement Date	382,576	
Total	<u>\$ 658,995</u>	<u>\$ 1,467,244</u>

The \$382,576 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	\$ (649,212)
2027	(104,286)
2028	(270,605)
2029	(166,722)

2. TRA Pension Costs

On June 30, 2025, the District reported a liability of \$10,764,220 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 .1694% at the end of the measurement period and .1740% for the beginning of the year.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

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	\$ 10,764,220
State's Proportionate Share of TRA's Net Pension Liability Associated with the District	704,104
Total	<u>\$ 11,468,324</u>

For the year ended June 30, 2025, the District recognized pension expense of \$956,146. It also recognized \$(8,610) 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 \$298,426 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.

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	\$ 513,169	\$ 139,500
Changes in Actuarial Assumptions	1,085,568	1,283,663
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,523,542
Changes in Proportion	162,276	282,276
District Contributions Subsequent to the Measurement Date	1,087,444	-
Total	<u>\$ 2,848,457</u>	<u>\$ 3,228,981</u>

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

Of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date, \$1,087,444 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:

<u>Year Ending June 30,</u>	<u>Pension Expense Amounts</u>
2026	\$ (660,055)
2027	959,062
2028	(829,344)
2029	(711,299)
2030	(226,332)

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>GERF</u>	<u>TRA</u>	<u>Total</u>
Net Pension Liability	\$ 2,175,265	\$ 10,764,220	\$ 12,939,485
Deferred Outflows of Resources	658,995	2,848,457	3,507,452
Deferred Inflows of Resources	1,467,244	3,228,981	4,696,225
Pension Expense	291,108	947,536	1,238,644

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:

<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%

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

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.

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.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

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 I and Tier II 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.

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.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Long-Term Expected Return on Investment

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>	

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 Plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

H. Pension Liability Sensitivity

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

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
<u>GERF Discount Rate</u>	6.00%	7.00%	8.00%
District's Proportionate Share of the GERF Net Pension Liability	\$ 4,751,129	\$ 2,175,265	\$ 56,382
 <u>TRA Discount Rate</u>	 6.00%	 7.00%	 8.00%
District's Proportionate Share of the TRA Net Pension Liability	 \$ 18,956,421	 \$ 10,764,220	 \$ 4,021,844

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

NOTE 9 DEFINED CONTRIBUTION PENSION 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 for in their respective collective bargaining agreements. Contributions are invested in tax deferred annuities selected and owned by Plan participants. The District contributions for the year ended June 30, 2025 are \$239,810.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 OTHER POSTEMPLOYMENT BENEFIT PLAN

A. Plan Description

The District operates a single-employer retiree defined benefit plan (the Plan) that provides health and dental insurance to eligible employees and their spouses. There are 255 active participants and eight 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.

B. Benefits Provided

Teachers hired before July 1, 1989 who are at least 55 years of age upon retirement and have been employed by the District for a minimum of 15 years are eligible for a District contribution toward single coverage on the District's medical insurance for 8 years or until reaching the age of Medicare eligibility. The Payroll and Benefit Specialist who is at least 55 years of age upon retirement is eligible for a District contribution toward family coverage for 5 years or until reaching the agree of Medicare eligibility.

C. Actuarial Methods and Assumptions

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

Inflation	2.50%
Salary Increases	The salary scales used to value GASB 75 liabilities are similar to the tables used to value pension liabilities for Minnesota school district employees. The rates for teachers are based on the Teacher Retirement Association of Minnesota actuarial experience study for the period July 1, 2014 through June 30, 2018 and a study of economic assumptions dated November 2017. The rates for other employees are based on the Public Employees Retirement Association of Minnesota most recent four-year experience study for the General Employees Plan completed in 2019 and a review of the inflation assumption.
Healthcare Cost Trend	6.5% decreasing to 5.00% over 6 years and then to 4.00% over the next 48 years at the prior measurement date.
Investment Rate of Return	N/A

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

C. Actuarial Methods and Assumptions (Continued)

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

Discount Rate

The discount rate used to measure the total OPEB liability was 4.10% (3.90% at the prior 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

	Total OPEB Liability
Balances at July 1, 2024	\$ 2,632,455
Changes for the Year:	
Service Cost	195,342
Interest Cost	107,343
and Actual Experience	
Differences Between Expected and Actual Experience	6,881
Assumption Changes	13,000
Benefit Payments	(152,266)
Net Changes	<u>170,300</u>
Balances at June 30, 2025	<u><u>\$ 2,802,755</u></u>

E. Total OPEB Liability Sensitivity

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

	1% Decrease 3.10%	Selected Discount Rate 4.10%	1% Increase 5.10%
Total OPEB Liability	\$ 2,988,871	\$ 2,802,755	\$ 2,623,342

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

E. Total OPEB Liability Sensitivity (Continued)

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

	1% Decrease (5.50% Decreasing to 3.0%)	Selected Healthcare Trend Rate (6.50% Decreasing to 4.0%)	1% Increase (7.50% Decreasing to 5.0%)
<u>Medical Trend Rate</u>			
Total OPEB Liability	\$ 2,511,961	\$ 2,802,755	\$ 3,147,754

F. OPEB Expenses

For the year ended June 30, 2025, the District recognized OPEB expense of \$153,392. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 20,377	\$ 71,526
Changes in Actuarial Assumptions	39,639	194,549
District Payment of Benefits Subsequent to the Measurement Date	95,786	-
Total	<u>\$ 155,802</u>	<u>\$ 266,075</u>

District payment of benefits subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>OPEB Expense Amounts</u>
2026	\$ (45,205)
2027	(53,836)
2028	(53,836)
2029	(25,672)
2030	(30,583)
2031	3,073

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 FLEXIBLE BENEFIT PLAN

The District has a flexible benefit plan which is classified as a “cafeteria plan” under Section 125 of the Internal Revenue Code. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pre-tax dollars withheld from payroll checks to the plan for health care and dependent care benefits.

Before the beginning of the plan year, which is January 1 to December 31, each participant designates a total amount of pre-tax dollars to be contributed to the plan during the year. At June 30, the District is contingently liable for claims against the total amount of participants’ annual contributions to the plan, whether or not such contributions have been made.

Payments of insurance premiums (health and dental) are made by the District directly to the designated insurance companies. These payments are made on a monthly basis and are accounted for in the General Fund.

Amounts withheld for medical reimbursement and dependent care are deposited into a separate District checking account on a monthly basis. All assets of the plan are held in a separate bank account, administered by an employee of the District. Payments are made by the District to participating employees upon submitting a request for reimbursement of eligible expenses incurred by the participant.

NOTE 12 JOINTLY GOVERNED ORGANIZATION

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

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 13 JOINT VENTURE

The District and the Cities of Kasson and Mantorville entered into an agreement beginning on September 28, 2008 to establish a fund to initiate cooperative efforts to improve the recreational/park facilities in these respective communities. The fund is operated by all three governmental organizations under the name of the Kasson-Mantorville Recreational Facility Board. The District is responsible for the maintenance of records for the joint venture. All books are required to be open at all times for inspection and examination by each party. Authority to conduct business on behalf of the joint venture must be approved by all three parties. All legal title to property acquired by the joint venture shall be taken in the name of Kasson-Mantorville Recreational Board, as trustees for the parties. The interest of each party in such property is proportionate to the share of contributions given to the joint venture. As of June 30, 2025 contributions to the fund by the District and City of Mantorville were \$15,000 and \$25,000, respectively. During fiscal year 2025, total fund revenue and expenditures were \$40,000 and \$16,794, respectively, leaving \$91,210 for future purchases.

NOTE 14 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, which may be disallowed by the agencies, cannot be determined at this time. The District expects such amounts, if any, to be immaterial.

NOTE 15 RISK MANAGEMENT

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

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

The District continues to carry commercial insurance for all other risks of loss. There has been no significant reduction in insurance coverage from the previous year in any of the District's policies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 16 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	\$ 835,378	\$ 408,943	\$ -
Change from Major to Nonmajor Fund	(835,378)	(408,943)	1,244,321
6/30/24, as Restated	\$ -	\$ -	\$ 1,244,321

REQUIRED SUPPLEMENTARY INFORMATION

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Property Taxes	\$ 2,674,753	\$ 2,698,698	\$ 2,696,398	\$ (2,300)
Investment Income	220,000	210,000	234,938	24,938
Other	1,073,350	1,693,650	1,714,256	20,606
State Sources	21,896,161	22,814,974	22,906,118	91,144
Federal Sources	270,914	207,625	219,060	11,435
Total Revenues	26,135,178	27,624,947	27,770,770	145,823
EXPENDITURES				
Current:				
Administration	1,242,940	1,323,623	1,314,128	(9,495)
District Support Services	543,124	547,074	526,920	(20,154)
Elementary and Secondary				
Regular Instruction	12,283,158	12,803,541	12,613,753	(189,788)
Vocational Education Instruction	766,310	825,855	804,080	(21,775)
Special Education Instruction	3,770,859	4,018,103	4,075,880	57,777
Instructional Support Services	1,818,352	1,807,949	1,749,277	(58,672)
Pupil Support Services	1,919,024	2,102,741	2,067,766	(34,975)
Sites and Buildings	2,598,670	2,648,553	2,536,879	(111,674)
Fiscal and Other Fixed Cost Programs	162,300	240,000	253,451	13,451
Capital Outlay	1,159,485	940,615	1,453,667	513,052
Debt Service:				
Principal	241,400	-	68,470	68,470
Interest and Fiscal Charges	-	-	172,895	172,895
Total Expenditures	26,505,622	27,258,054	27,637,166	379,112
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(370,444)	366,893	133,604	(233,289)
OTHER FINANCING SOURCES (USES)				
Insurance Recovery	-	2,500	3,236	736
Capital Lease Proceeds	-	-	135,406	135,406
Transfers Out	-	-	(200,000)	(200,000)
Total Other Financing Sources (Uses)	-	2,500	(61,358)	(63,858)
NET CHANGES IN FUND BALANCE	<u>\$ (370,444)</u>	<u>\$ 369,393</u>	72,246	<u>\$ (297,147)</u>
FUND BALANCE				
Beginning of Year			3,686,699	
End of Year			<u>\$ 3,758,945</u>	

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST EIGHT MEASUREMENT PERIODS**

	2025	2024	2023	2022	2021	2020	2019	2018
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	July 1, 2017
Service Cost	\$ 195,342	\$ 184,354	\$ 181,972	\$ 209,536	\$ 194,300	\$ 184,061	\$ 167,284	\$ 198,750
Interest	107,343	100,154	58,608	63,708	84,655	89,536	109,504	108,352
Differences Between Expected and Actual Experience	6,881	-	22,970	-	(190,736)	-	(424,721)	-
Assumption Changes	13,000	(15,198)	(272,294)	39,265	(34,576)	60,418	(303,894)	-
Plan Changes	-	-	10,006	-	13,980	-	-	-
Benefit Payments	(152,266)	(174,655)	(143,953)	(153,047)	(164,961)	(177,994)	(276,201)	(207,884)
Net Change in Total OPEB Liability	170,300	94,655	(142,691)	159,462	(97,338)	156,021	(728,028)	99,218
Total OPEB Liability - Beginning of Year	2,632,455	2,537,800	2,680,491	2,521,029	2,618,367	2,462,346	3,190,374	3,091,156
Total OPEB Liability - End of Year	<u>\$ 2,802,755</u>	<u>\$ 2,632,455</u>	<u>\$ 2,537,800</u>	<u>\$ 2,680,491</u>	<u>\$ 2,521,029</u>	<u>\$ 2,618,367</u>	<u>\$ 2,462,346</u>	<u>\$ 3,190,374</u>
Covered-Employee Payroll	\$ 14,827,008	\$ 14,569,026	\$ 14,144,685	\$ 13,249,435	\$ 12,863,529	\$ 12,324,108	\$ 11,965,153	\$ 11,569,774
District's Total OPEB Liability as a Percentage of Covered-Employee Payroll	18.90%	18.07%	17.94%	20.23%	19.60%	21.25%	20.58%	27.58%

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

No assets are accumulated in a trust.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
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	0.0588%	0.0591%	0.0579%	0.0561%	0.0522%	0.0505%	0.0535%	0.0523%	0.0461%	0.0486%
District's Proportionate Share of the Net Pension Liability	\$ 2,175,265	\$ 3,304,806	\$ 4,585,699	\$ 2,395,721	\$ 3,129,629	\$ 2,792,032	\$ 2,967,961	\$ 3,338,797	\$ 3,743,091	\$ 2,518,704
State's Proportionate Share of the Net Pension Liability Associated with the District	56,248	91,208	134,445	73,144	96,489	86,663	97,434	42,014	48,884	-
Total	<u>\$ 2,231,513</u>	<u>\$ 3,396,014</u>	<u>\$ 4,720,144</u>	<u>\$ 2,468,865</u>	<u>\$ 3,226,118</u>	<u>\$ 2,878,695</u>	<u>\$ 3,065,395</u>	<u>\$ 3,380,811</u>	<u>\$ 3,791,975</u>	<u>\$ 2,518,704</u>
District's Covered Payroll	\$ 4,987,503	\$ 4,707,421	\$ 4,341,010	\$ 3,984,003	\$ 3,696,323	\$ 3,598,376	\$ 3,594,082	\$ 3,383,629	\$ 2,859,986	\$ 2,854,021
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	44.74%	72.14%	108.73%	61.97%	87.28%	80.00%	85.29%	99.92%	132.59%	88.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.08%	83.10%	76.67%	87.00%	79.10%	80.20%	79.50%	75.90%	68.90%	78.20%
TRA										
District's Proportion of the Net Pension Liability	0.1694%	0.1740%	0.1740%	0.1724%	0.1710%	0.1693%	0.1686%	0.1642%	0.1674%	0.1711%
District's Proportionate Share of the Net Pension Liability	\$ 10,764,220	\$ 14,365,830	\$ 13,932,999	\$ 7,544,739	\$ 12,633,709	\$ 10,791,217	\$ 10,592,217	\$ 32,777,299	\$ 39,928,894	\$ 10,584,227
State's Proportionate Share of the Net Pension Liability Associated with the District	704,104	1,006,306	1,033,255	636,178	1,058,568	954,990	995,249	3,168,957	4,007,763	1,298,344
Total	<u>\$ 11,468,324</u>	<u>\$ 15,372,136</u>	<u>\$ 14,966,254</u>	<u>\$ 8,180,917</u>	<u>\$ 13,692,277</u>	<u>\$ 11,746,207</u>	<u>\$ 11,587,466</u>	<u>\$ 35,946,256</u>	<u>\$ 43,936,657</u>	<u>\$ 11,882,571</u>
District's Covered Payroll	\$ 11,303,016	\$ 11,103,039	\$ 10,728,405	\$ 10,390,339	\$ 9,934,331	\$ 9,611,089	\$ 9,351,093	\$ 8,876,441	\$ 8,707,333	\$ 8,683,653
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	95.23%	129.39%	129.87%	72.61%	127.17%	112.28%	113.27%	369.26%	458.57%	121.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.07%	76.42%	76.17%	87.63%	75.48%	78.07%	78.07%	51.57%	44.88%	76.80%

See accompanying Notes to Required Supplementary Information.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
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	\$ 382,576	\$ 374,063	\$ 353,057	\$ 325,613	\$ 298,801	\$ 277,225	\$ 269,891	\$ 269,556	\$ 253,734	\$ 214,499
Contributions in Relation to the										
Contractually Required Contribution	(382,576)	(374,063)	(353,057)	(325,613)	(298,801)	(277,225)	(269,891)	(269,556)	(253,734)	(214,499)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 5,101,014	\$ 4,987,503	\$ 4,707,421	\$ 4,341,010	\$ 3,984,003	\$ 3,696,333	\$ 3,598,376	\$ 3,594,082	\$ 3,383,629	\$ 2,859,986
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	\$ 1,087,442	\$ 989,015	\$ 952,073	\$ 897,565	\$ 847,614	\$ 793,810	\$ 698,792	\$ 703,855	\$ 665,327	\$ 655,549
Contributions in Relation to the										
Contractually Required Contribution	(1,087,442)	(989,015)	(952,073)	(897,565)	(847,614)	(793,810)	(698,792)	(703,855)	(665,327)	(655,549)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 12,232,988	\$ 11,303,016	\$ 11,103,039	\$ 10,728,405	\$ 10,390,339	\$ 10,022,853	\$ 9,317,227	\$ 9,351,093	\$ 8,876,441	\$ 8,741,008
Contributions as a Percentage of Covered Payroll	8.89%	8.75%	8.57%	8.37%	8.16%	7.92%	7.50%	7.53%	7.50%	7.50%

See accompanying Notes to Required Supplementary Information.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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 I and Tier II 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 6.5% 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, noncompounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022

Changes in Actuarial Assumptions

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

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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

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 MN-2020.

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.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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

2019

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018

Changes in Actuarial Assumption

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

Changes in Plan Provisions

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

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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

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.

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

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 situation definition, was due in September 2015.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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

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.

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.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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

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, 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 two 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.

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.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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

2018 (Continued)

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 four 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.

2017

Changes in Actuarial Assumptions

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

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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

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 six years, and female rates set back five years. Generational projection uses the MP-2015 scale.
- The postretirement mortality assumption was changed to the RP-2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
- The post-disability mortality assumption was changed to the RP-2014 disabled retiree mortality table, without 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.

2015

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 years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

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 situation definition, was due in September 2015.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

NOTE 2 CHANGES IN SIGNIFICANT OTHER POSTEMPLOYMENT BENEFIT PLAN PROVISION, 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 2.90%.

2022

Changes in Actuarial Assumptions

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

2021

Changes in Actuarial Assumptions

- The discount rate was changed from 2.40% to 2.10%.

2020

Changes in Plan Provisions

- Eligibility for postemployment medical and dental benefits for the Superintendent was changed from age 60 with 10 years of service to age 57 with 10 years of service.

Changes in Actuarial Assumptions

- The discount rate was changed from 3.10% to 2.40%.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale.

2019

Changes in Actuarial Assumptions

- The discount rate was changed from 3.40% to 3.50%.
- The mortality tables were updated to RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The percentage of paraprofessionals and other staff electing retiree medical coverage, if not eligible for a subsidy, was decreased from 50% to 30%.
- The percentage of teachers eligible for a subsidy electing retiree medical coverage was decreased from 100% to 90%.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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

2018

Changes in Actuarial Assumptions

- The discount rate was changed from 3.00% to 3.40%.

SUPPLEMENTARY INFORMATION

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025**

	Special Revenue		Total
	Food Service	Community Service	Governmental Funds
ASSETS			
Cash and Investments	\$ 1,040,781	\$ 384,547	\$ 1,425,328
Receivables:			
Current Property Taxes	-	79,897	79,897
Delinquent Property Taxes	-	1,236	1,236
Due from Minnesota Department of Education	-	21,279	21,279
Other Receivables	11,263	-	11,263
Inventory	9,428	-	9,428
 Total Assets	 \$ 1,061,472	 \$ 486,959	 \$ 1,548,431
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Salaries and Payroll Deductions Payable	\$ -	\$ 47,998	\$ 47,998
Accounts and Contracts Payable	70,936	4,658	75,594
Unearned Revenue	7,567	-	7,567
Total Liabilities	78,503	52,656	131,159
 Deferred Inflows of Resources:			
Property Taxes Levied for Subsequent Year	-	156,218	156,218
Unavailable Revenue - Delinquent Property Taxes	-	1,236	1,236
Total Deferred Inflows of Resources	-	157,454	157,454
 Fund Balances:			
Nonspendable:			
Inventory	9,428	-	9,428
Restricted for:			
Community Education Programs	-	115,083	115,083
Early Childhood and Family Education Programs	-	96,165	96,165
School Readiness	-	65,601	65,601
Restricted for Other Purposes	973,541	-	973,541
Total Fund Balances	982,969	276,849	1,259,818
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 \$ 1,061,472	 \$ 486,959	 \$ 1,548,431

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2025**

	Special Revenue		
	Food Service	Community Service	Total
REVENUES			
Local Sources:			
Property Taxes	\$ -	\$ 142,262	\$ 142,262
Investment Income	41,043	18,716	59,759
Other	145,874	2,140,870	2,286,744
State Sources	789,757	234,157	1,023,914
Federal Sources	497,252	-	497,252
Total Revenues	<u>1,473,926</u>	<u>2,536,005</u>	<u>4,009,931</u>
EXPENDITURES			
Current:			
Food Service	1,321,194	-	1,321,194
Community Service	-	2,667,886	2,667,886
Capital Outlay	5,141	213	5,354
Total Expenditures	<u>1,326,335</u>	<u>2,668,099</u>	<u>3,994,434</u>
NET CHANGE IN FUND BALANCES	147,591	(132,094)	15,497
Fund Balances - Beginning of Year, as Originally Reported	-	-	-
Change Within the Financial Reporting Entity	<u>835,378</u>	<u>408,943</u>	<u>1,244,321</u>
Fund Balances - Beginning of Year, as Adjusted	<u>835,378</u>	<u>408,943</u>	<u>1,244,321</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 982,969</u></u>	<u><u>\$ 276,849</u></u>	<u><u>\$ 1,259,818</u></u>

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
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</u>	<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Local Sources:				
Investment Income	\$ -	\$ -	\$ 41,043	\$ 41,043
Other - Primarily Meal Sales	227,686	227,686	145,874	(81,812)
State Sources	786,693	786,693	789,757	3,064
Federal Sources	516,964	516,964	497,252	(19,712)
Total Revenues	<u>1,531,343</u>	<u>1,531,343</u>	<u>1,473,926</u>	<u>(57,417)</u>
EXPENDITURES				
Current:				
Food Service	1,413,707	1,413,707	1,321,194	(92,513)
Capital Outlay	-	-	5,141	5,141
Total Expenditures	<u>1,413,707</u>	<u>1,413,707</u>	<u>1,326,335</u>	<u>(87,372)</u>
NET CHANGES IN FUND BALANCE	<u>\$ 117,636</u>	<u>\$ 117,636</u>	147,591	<u>\$ 29,955</u>
FUND BALANCE				
Beginning of Year			<u>835,378</u>	
End of Year			<u>\$ 982,969</u>	

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – COMMUNITY SERVICE FUND
YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Local Sources:				
Property Taxes	\$ 143,919	\$ 143,919	\$ 142,262	\$ (1,657)
Investment Income	6,000	6,000	18,716	12,716
Other - Primarily Tuition and Fees	2,320,900	2,325,000	2,140,870	(184,130)
State Sources	185,943	225,943	234,157	8,214
Total Revenues	<u>2,656,762</u>	<u>2,700,862</u>	<u>2,536,005</u>	<u>(164,857)</u>
EXPENDITURES				
Current:				
Community Service	2,652,175	2,630,236	2,667,886	37,650
Capital Outlay	5,650	3,650	213	(3,437)
Total Expenditures	<u>2,657,825</u>	<u>2,633,886</u>	<u>2,668,099</u>	<u>34,213</u>
NET CHANGES IN FUND BALANCE	<u>\$ (1,063)</u>	<u>\$ 66,976</u>	(132,094)	<u>\$ (199,070)</u>
FUND BALANCE				
Beginning of Year			<u>408,943</u>	
End of Year			<u>\$ 276,849</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
Kasson-Mantorville Public Schools
Independent School District No. 204
Kasson, 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 Kasson-Mantorville Public Schools Independent School District No. 204 (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 November 24, 2025.

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, 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*.

Kasson-Mantorville Public Schools' Responses to Finding

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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Rochester, Minnesota
November 24, 2025



INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Education
Kasson-Mantorville Public Schools
Independent School District No. 204
Kasson, Minnesota

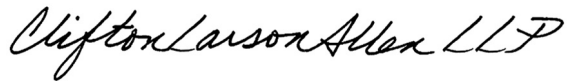
We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Kasson-Mantorville Public Schools Independent School District No. 204 (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 November 24, 2025.

In connection with our audit, we noted that the District failed to comply with the miscellaneous provisions section of the *Minnesota Legal Compliance Audit Guide*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, in so far as they relate to accounting matters as described in the schedule of findings and questioned costs at item 2025-002. Also, 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, and uniform financial accounting and reporting standards sections of the *Minnesota Legal Compliance Audit Guide*, 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.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the legal compliance 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.

Board of Education
Kasson-Mantorville Public Schools
Independent School District No. 204

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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The script is cursive and fluid, with the letters connected in a continuous line.

CliftonLarsonAllen LLP

Rochester, Minnesota
November 24, 2025

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2025**

Finding: 2025-001 ANNUAL FINANCIAL REPORTING UNDER GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

Type of Finding: Material weakness in internal control over financial reporting.

Condition: 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 or Specific Requirement: The District should have controls in place to prevent or detect an omission of a material disclosure 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: This is a repeat of a finding in the immediately prior year. Prior year finding number was 2024-001.

Recommendation: We recommend the District continue to evaluate their internal staff and expertise to determine if further controls over annual financial reporting are beneficial.

CORRECTIVE ACTION PLAN (CAP)

Explanation of Disagreement with Audit Findings:

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.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED JUNE 30, 2025**

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

CORRECTIVE ACTION PLAN (CAP) (Continued)

Official Responsible for Ensuring CAP:

Bob Hasz, Business Manager, is the official responsible for ensuring the corrective action plan.

Planned Completion Date for CAP:

The planned completion date is June 30, 2026.

Plan to Monitor Completion of CAP:

Beth Giese, Superintendent, will be monitoring this corrective action plan.

Finding: 2025-002 MINNESOTA LEGAL COMPLIANCE – UNCLAIMED PROPERTY

Condition:

It was noted that the District has outstanding checks on their records that have been outstanding longer than three years. Minnesota State Statute 345.38-.43 indicates that unclaimed property and uncashed checks held by the District must be reported and paid to the Commissioner of Commerce after three years.

CORRECTIVE ACTION PLAN (CAP)

Explanation of Disagreement with Audit Findings:

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

The District will report and remit all unclaimed property that has been outstanding longer than three years.

Official Responsible for Ensuring CAP:

Bob Hasz, Business Manager, is the official responsible for ensuring the corrective action plan.

Planned Completion Date for CAP:

The planned completion date is June 30, 2026.

Plan to Monitor Completion of CAP:

Beth Giese, Superintendent, will be monitoring this corrective action plan.

**KASSON-MANTORVILLE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 204
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	\$ 27,770,770	\$ 27,770,751	\$ 19	Total Revenue	\$ 12,287	\$ 12,287	\$ -
Total Expenditures	\$ 27,637,166	\$ 27,637,148	\$ 18	Total Expenditures	\$ 45,292	\$ 45,292	\$ -
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	\$ 455,961	\$ 455,961	\$ -	460 Nonspendable Fund Balance	\$ -	\$ -	\$ -
<i>Restricted/Reserved:</i>				<i>Restricted/Reserved:</i>			
401 Student Activities	\$ 373,351	\$ 373,350	\$ 1	407 Capital Projects Levy	\$ -	\$ -	\$ -
402 Scholarships	\$ -	\$ -	\$ -	413 Project Funded by COP	\$ -	\$ -	\$ -
403 Staff Development	\$ 4,092	\$ 4,092	\$ -	467 LTFM	\$ 88,585	\$ 88,585	\$ -
407 Capital Project Levy	\$ -	\$ -	\$ -	<i>Restricted:</i>			
408 Cooperative Revenue	\$ -	\$ -	\$ -	464 Restricted Fund Balance	\$ 464,234	\$ 464,233	\$ 1
412 Literacy Incentive	\$ 93,663	\$ 93,663	\$ -	<i>Unassigned:</i>			
414 Operating Debt	\$ -	\$ -	\$ -	463 Unassigned Fund Balance	\$ -	\$ -	\$ -
416 Levy Reduction	\$ -	\$ -	\$ -				
417 Taconite Building Maint	\$ -	\$ -	\$ -	07 DEBT SERVICE			
424 Operating Capital	\$ 213,901	\$ 213,901	\$ -	Total Revenue	\$ 4,733,872	\$ 4,733,872	\$ -
426 \$25 Taconite	\$ -	\$ -	\$ -	Total Expenditures	\$ 4,607,363	\$ 4,607,363	\$ -
427 Disabled Accessibility	\$ -	\$ -	\$ -	<i>Nonspendable:</i>			
428 Learning & Development	\$ -	\$ -	\$ -	460 Nonspendable Fund Balance	\$ -	\$ -	\$ -
434 Area Learning Center	\$ -	\$ -	\$ -	<i>Restricted/Reserved:</i>			
435 Contracted Alt. Programs	\$ -	\$ -	\$ -	425 Bond Refunding	\$ -	\$ -	\$ -
436 State Approved Alt. Programs	\$ -	\$ -	\$ -	433 Maximum Effort Loan Aid	\$ -	\$ -	\$ -
438 Gifted & Talented	\$ 67	\$ 67	\$ -	451 QZAB Payments	\$ -	\$ -	\$ -
439 English Learner	\$ 938	\$ 938	\$ -	<i>Restricted:</i>			
441 Basic Skills Programs	\$ 154,287	\$ 154,287	\$ -	464 Restricted Fund Balance	\$ 1,251,922	\$ 1,251,922	\$ -
445 Career Tech Programs	\$ -	\$ -	\$ -	<i>Unassigned:</i>			
448 Achievement and Integration	\$ -	\$ -	\$ -	463 Unassigned Fund Balance	\$ -	\$ -	\$ -
449 Safe School Crime - Crime Levy	\$ -	\$ -	\$ -				
450 Pre-Kindergarten	\$ -	\$ -	\$ -	18 CUSTODIAL			
456 READ Act - Literacy Aid	\$ 86,013	\$ 86,013	\$ -	Total Revenue	\$ 40,000	\$ 40,000	\$ -
457 READ Act - Tchr Training Compensation	\$ 69,449	\$ 69,449	\$ -	Total Expenditures	\$ 16,794	\$ 16,794	\$ -
453 Unfunded Sev & Retirement Levy	\$ -	\$ -	\$ -	464 Restricted Fund Balance	\$ 91,210	\$ 91,210	\$ -
459 Basic Skills Extended Time	\$ -	\$ -	\$ -				
467 LTFM	\$ (404,163)	\$ (404,163)	\$ -	20 INTERNAL SERVICE			
472 Medical Assistance	\$ 7,327	\$ 7,327	\$ -	Total Revenue	\$ 219,649	\$ 219,649	\$ -
<i>Restricted:</i>				Total Expenditures	\$ 32,703	\$ 32,703	\$ -
464 Restricted Fund Balance	\$ -	\$ -	\$ -	422 Unassigned Fund Balance (Net Assets)	\$ 598,463	\$ 598,463	\$ -
475 Title VII Impact Aid	\$ -	\$ -	\$ -				
476 Payment in Lieu of Taxes	\$ -	\$ -	\$ -	25 OPEB REVOCABLE TRUST			
<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	\$ 710,875	\$ 710,875	\$ -	45 OPEB IRREVOCABLE TRUST			
<i>Unassigned:</i>				Total Revenue	\$ -	\$ -	\$ -
422 Unassigned Fund Balance	\$ 1,993,184	\$ 1,993,184	\$ -	Total Expenditures	\$ -	\$ -	\$ -
				422 Unassigned Fund Balance (Net Assets)	\$ -	\$ -	\$ -
02 FOOD SERVICES							
Total Revenue	\$ 1,473,926	\$ 1,473,926	\$ -	47 OPEB DEBT SERVICE			
Total Expenditures	\$ 1,326,335	\$ 1,326,334	\$ 1	Total Revenue	\$ -	\$ -	\$ -
<i>Nonspendable:</i>				Total Expenditures	\$ -	\$ -	\$ -
460 Nonspendable Fund Balance	\$ 9,428	\$ 9,428	\$ -	<i>Nonspendable:</i>			
<i>Restricted/Reserved:</i>				460 Nonspendable Fund Balance	\$ -	\$ -	\$ -
452 OPEB Liab Not in Trust	\$ -	\$ -	\$ -	<i>Restricted:</i>			
<i>Restricted:</i>				425 Bond Refundings	\$ -	\$ -	\$ -
464 Restricted Fund Balance	\$ 973,541	\$ 973,541	\$ -	464 Restricted Fund Balance	\$ -	\$ -	\$ -
<i>Unassigned:</i>				<i>Unassigned:</i>			
463 Unassigned Fund Balance	\$ -	\$ -	\$ -	463 Unassigned Fund Balance	\$ -	\$ -	\$ -
04 COMMUNITY SERVICE							
Total Revenue	\$ 2,536,005	\$ 2,536,007	\$ (2)				
Total Expenditures	\$ 2,668,099	\$ 2,668,100	\$ (1)				
<i>Nonspendable:</i>							
460 Nonspendable Fund Balance	\$ -	\$ -	\$ -				
<i>Restricted/Reserved:</i>							
426 \$25 Taconite	\$ -	\$ -	\$ -				
431 Community Education	\$ 115,083	\$ 115,083	\$ -				
432 E.C.F.E.	\$ 96,165	\$ 96,165	\$ -				
440 Teacher Development and Evaluation	\$ -	\$ -	\$ -				
444 School Readiness	\$ 65,601	\$ 65,601	\$ -				
447 Adult Basic Education	\$ -	\$ -	\$ -				
452 OPEB Liab Not in Trust	\$ -	\$ -	\$ -				
<i>Restricted:</i>							
464 Restricted Fund Balance	\$ -	\$ -	\$ -				
<i>Unassigned:</i>							
463 Unassigned Fund Balance	\$ -	\$ -	\$ -				

