INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA

FINANCIAL STATEMENTS

JUNE 30, 2023

INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA
TABLE OF CONTENTS

	PAGE
INTRODUCTORY SECTION	
Board of Education and Administration	i
FINANCIAL SECTION	
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
District-wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements	
Balance Sheet - Governmental Funds	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	19
Reconciliation of Net Position in the District-wide Financial Statements and Fund Balances in the Fund Basis Financial Statements	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	23
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Food Service Fund	24
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Community Service Fund	25
Notes to the Financial Statements	26
Required Supplementary Information	
Schedule of Changes in the District's Net OPEB Liability and Related Ratios	58
Schedule of District's Contributions - General Employee Retirement Funds	59
Schedule of District's Contributions - TRA	59
Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability - General Employee Retirement Funds	60
Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability - TRA	60
SINGLE AUDIT REPORTS	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an audit of Financial Statements in accordance with *Government Auditing Standards*	61
Report on Compliance for Each Major Program and on Internal Control Over Compliance Required By the Uniform Guidance	63
Schedule of Expenditures of Federal Awards	66
Notes to Schedule of Expenditures of Federal Awards	67
Summary Schedule of Prior Audit Findings	68
Summary of Auditor's Results	69
COMPLAINCE AND INTERNAL CONROL REPORTS	
Schedule of Prior Year Findings and Responses	70
Schedule of Findings and Responses	71
OTHER REQUIRED REPORTS	
Uniform Financial Accounting and Reporting Standards - Compliance Table	72

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INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA

INTRODUCTORY SECTION

JUNE 30, 2023

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INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA
BOARD OF EDUCATION AND ADMINISTRATION
June 30, 2023

Name	Title	Term Ends
Philip Rosendale	Chairperson	2024
Michelle Meyer	Vice-Chair	2024
Tim Adams	Treasurer	2026
Sharleen Klennert	Clerk	2026
Kent Jeffery	Member	2024
Brittney Ender	Member	2026
Rob Venz	Member	2026

Superintendent

Jim Freihammer

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INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA

FINANCIAL SECTION

JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Independent School District #811
Wabasha, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Independent School District #811, Wabasha, Minnesota as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the District, as of June 30, 2023, and the respective changes in financial position, and the budgetary comparison for the General Fund and each major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Uniform Financial Accounting and Reporting Standards Compliance Table, and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CRF) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Supplementary Information (continued)

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

Other Information

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

Report on Summarized Comparative Information

The financial statements include partial year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statement for the year ended June 30, 2022, from which such partial information was derived.

We have previously audited the District's 2022 financial statements and our report, dated November 21, 2022, expressed unmodified opinions on the respective financial statements of the governmental activities and each major fund. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 8, 2023 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 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.

Smith, Schafer and Associates, Ltd.

Red Wing, Minnesota
November 8, 2023

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INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Independent School District #811 – Wabasha Schools' annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2022-2023 fiscal year include the following:

- Total Assets and Deferred Outflows of Resources: $18,732,551.
- Overall revenues of the General Fund were $11,436,725 while overall expenditures totaled $11,769,111.
- The General Fund Unassigned Fund Balance is $636,189. This represents a decrease of $217,683 from last fiscal year. The Restricted General Fund balance includes State required reserves for operating capital, student activities, and medical assistance. These balances total $376,381 as compared to $489,090 last fiscal year.
- The General Fund total fund balance decreased by $332,386 in fiscal 2023, this was primarily from overestimating State receivables for Referendum and Local Optional aid based on the What-if Spreadsheet and General Education Aid reports for fiscal 2023.
- The Food Service Fund total fund balance decreased by $8,432 in 2022-2023. This year had expenditures of $464,499 and revenues of $456,067. Overall, expenditures increased by $35,878 while revenues decreased by $62,533. Last year's expenditures were at $428,621 and revenues were at $518,600. Expenditures increased because of higher food costs. Revenues decreased due to the federal government no longer paying for all meals.
- The Community Service Fund total fund balance increased by $8,441 in 2022-2023. The Community Services programs are back to operating at pre-pandemic levels which aids in operating a balanced budget. In this fiscal year, expenditures totaled $469,363 as compared to $481,631 in revenue compared to last year's totals of $477,804 of expenditures and $409,782 of revenues.
- The Debt Service Fund total fund balance increased by $67,014 in 2022 – 2023. The School District levies 105% of the annual principal and interest payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund-financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

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

The two district-wide statements report the District's net position and how they have changed. Net position – the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources – are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements the District's activities are shown in one category: Governmental activities. Most of the District's basic services are included here, such as elementary and secondary regular instruction, special education, transportation, administration, food services, and community education. Property taxes and state aids finance most of these activities.

Fund Financial Statements. The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and by bond covenants. The District establishes other funds to control and manage money for particular purposes.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The District has only one kind of fund:

- ***Governmental funds.*** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information following the governmental funds statements that explains the relationship (or difference) between them.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The district's combined net position from Governmental activities was $431,481 on June 30, 2023. This was an increase in net position of $603,898 from the prior year.

	Total	
	2023	2022
Assets		
Current and other assets	$ 5,754,402	$ 6,174,248
Capital assets	9,938,517	10,518,796
Total assets	15,692,919	16,693,044
Deferred Outflows of Resources	3,039,632	2,940,992
Liabilities		
Current liabilities	3,063,082	3,019,603
Long-Term liabilities	12,043,368	9,078,396
Total liabilities	15,106,450	12,097,999
Deferred Inflows of Resources	3,194,620	7,708,454
Net Position		
Net investment in capital assets	5,011,931	5,157,367
Restricted	603,890	636,660
Unrestricted	(5,184,340)	(5,966,444)
Total net position	$ 431,481	$ (172,417)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

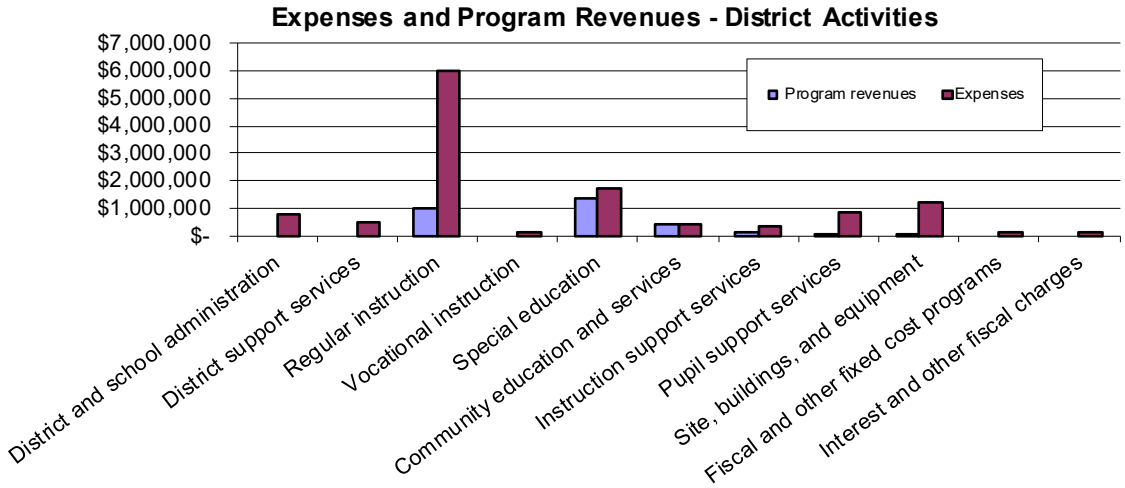
District's Revenue. The District's total revenues were $13,174,570 for the year ended June 30, 2023; compared to $12,794,492 for the year ended June 30, 2022. State sources accounted for 58% of total revenue for each of the years ended June 30, 2023 and 2022, respectively. The Local property taxes (levies) accounted for 17% (compared to 16% the previous year) of total revenue, with the remaining revenue coming from other sources.

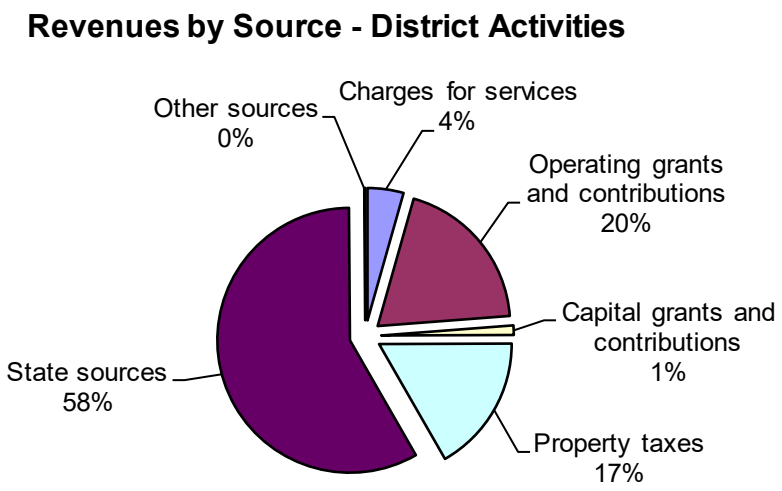
A condensed version of the Statement of Activities follows:

	Total	
	2023	2022
Revenue		
Program revenues:		
Charges for services	$ 578,087	$ 580,446
Operating grants and contributions	2,554,916	2,488,764
Capital grants and contributions	152,915	231,700
General revenues:		
Property taxes	2,210,042	2,091,558
State sources	7,662,961	7,397,308
Other sources	15,649	4,716
Total revenues	13,174,570	12,794,492
Expenses		
District and school administration	796,755	831,875
District support services	461,161	271,362
Regular instruction	5,964,095	5,967,524
Vocational instruction	98,316	127,352
Special education	1,708,639	1,890,332
Community education and services	430,216	400,965
Instruction support services	334,898	308,851
Pupil support services	848,342	719,817
Site, buildings, and equipment	1,243,063	517,792
Fiscal and other fixed cost programs	110,792	90,423
Food service	437,366	427,253
Interest and other fiscal charges	137,029	801,142
Total expenses	12,570,672	12,354,688
Change in net position	603,898	439,804
Net position, beginning of year	(172,417)	(612,221)
Net position, end of year	$ 431,481	$ (172,417)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

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





FUND BASIS FINANCIAL ANALYSIS

Financial Analysis of the District's Funds

History of enrollment measured by average daily membership (ADM) is as follows:

Fiscal Year	ADM	% Change
2016	561.49	
2017	555.18	-1.1%
2018	539.57	-2.8%
2019	524.51	-2.8%
2020	635.61	21.2%
2021	1,033.22	62.6%
2022	892.33	-13.6%
2023	895.46	0.4%

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

Total General Fund revenue increased by $352,801 from the previous year (being $11,083,924 in FY22), primarily due to an increase in COVID funding.

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

FUND BASIS FINANCIAL ANALYSIS (Continued)

General fund revenues were as follows:

	2023	2022	Increase/ (Decrease)
Local property tax levies	$ 1,397,802	$ 1,332,984	$ 64,818
Other local and county sources	192,750	279,000	(86,250)
Investment income	12,535	2,861	9,674
State sources	8,991,899	9,101,813	(109,914)
Federal sources	841,377	366,619	474,758
Sales and other conversions of assets	362	647	(285)
Total General Fund Revenues	$ 11,436,725	$ 11,083,924	$ 352,801

Total General Fund expenditures increased by $608,351 from the previous year, due to increased current year online consultant expenses.

General fund expenditures were as follows:

	2023	2022	Increase/ (Decrease)
District and school administration	$ 869,952	$ 851,091	$ 18,861
District support services	471,709	278,333	193,376
Regular instruction	6,262,465	5,813,866	448,599
Vocational instruction	113,062	129,198	(16,136)
Special education	1,907,650	1,946,682	(39,032)
Instructional support services	309,407	282,635	26,772
Pupil support services	902,443	774,243	128,200
Site, buildings, and equipment	821,631	999,190	(177,559)
Fiscal and other fixed cost programs	110,792	85,522	25,270
Total General Fund Expenditures	$ 11,769,111	$ 11,160,760	$ 608,351

The total General Fund balance on June 30, 2023, is $1,107,299 compared to $1,439,685 on June 30, 2022 (decrease of $332,386). Of the General Fund balance amount, $471,110 restricted or assigned for specific purposes by state requirements or assigned – leaving an amount of $636,189 in the Unassigned General Fund Balance.

FUND BASIS FINANCIAL ANALYSIS (Continued)

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

The Food Service Fund Balance decreased by $8,432. On June 30, 2023 the fund balance was $85,952; compared to last year's balance of $94,384.

The Food Service revenue for 2022-2023 totaled $456,067 compared to $518,600 the previous year – a decrease of $62,533 primarily due to the federal government ending free meals for all students.

The Food Service expenditures for 2022-2023 totaled $464,499 compared to $428,621 the previous year – an increase in expenditures of $35,878 primarily due to higher food costs.

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

The Community Service fund balance increased by $8,441.

Community Service Fund revenues for 2022-2023 totaled $477,804; compared to $409,782 in the prior year. This was an increase in revenue of $68,022. This increase in revenue was primarily due operating at pre-pandemic levels.

Community Service Fund expenditures for 2022-2023 totaled $469,363; compared to $416,087 in the prior year. This increase of $53,276 was due to higher personnel costs.

Debt Service Fund. The Debt Service Fund revenues exceeded expenditures by $67,014 in the current fiscal year as a result of a property owners paying their taxes combined with State revenue through State and homestead credits, disparity reduction aid and miscellaneous local taxes. The fund balance of $156,723 at June 30, 2023 is available for meeting future debt service obligations.

GENERAL FUND BUDGETARY HIGHLIGHTS

Following approval of the budget prior to the beginning of the fiscal year, the District revises the annual operating budget in mid-year. The budget was amended during the year to reflect increased expenditures related to maintenance and repair and unanticipated Special Education costs. The School Board receives monthly updates on expenditures and revenues during the last half of the fiscal year as a preliminary budget is developed for the next fiscal year. These updates reflect the most current information on the current budget year as well as preliminary projections for the next fiscal year.

CAPITAL ASSETS

Capital Assets. By the end of fiscal 2023, the District had invested approximately $20.7 million in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices. (More detailed information about capital assets can be found in Note 5 to the financial statements.) Total depreciation expense for the year was $681,927.

The District annually updates its Ten-Year Long-Term Maintenance Revenue Plan. Future projects include athletic field maintenance and improvement, and the maintenance/repair of existing interior/exterior District buildings and grounds. Replacement of school vans is ongoing and will require periodic investment. Other primary projects include parking lot repair and maintenance and roof repair and replacement. The District will need to utilize its limited amount of capital outlay revenue, capital outlay reserve and Long-Term Facility Maintenance revenue to address these anticipated expenses.

	Total	
	2023	2022
Land	$ 28,425	$ 28,425
Land improvements	3,245,186	3,233,981
Buildings	15,638,692	15,638,692
Equipment	1,801,481	1,882,079
Total Capital Assets	20,713,784	20,783,177
Less accumulated depreciation	(10,775,267)	(10,264,381)
Total	$ 9,938,517	$ 10,518,796

DEBT ADMINISTRATION

Long Term Liabilities. As of June 30, 2023, the District had $4,515,000 in General Obligation Bonds outstanding, a decrease of 12% from the previous year due to principal and interest payments of existing bonds. A summary of outstanding long-term liabilities as of June 30, 2023, is as follows:

	Total	
	2023	2022
General Obligation Bonds	$ 4,515,000	$ 5,105,000
Net Bond Premium	34,899	38,655
Energy loan	376,687	420,160
Severance Benefits Payable	166,378	192,662
Compensated Absences Payable	22,156	31,934
Total	$ 5,115,120	$ 5,788,411

FACTORS BEARING ON THE DISTRICT'S FUTURE

With the exception of voter-approved excess operating referendum and building bond referendum, the District is dependent on the State of Minnesota for its revenue authority. Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs and increased costs due to inflation. The 2023 legislative sessions provided a 4% and 2% increase in the basic education funding formula allowance for the 2023-24 and 2024-25 years. The District will strive to maximize resources available through efficient and effective management of its operations.

Falcon View Connections Academy enrollment continues to grow, while local enrollment is declining. The district has a contract renewal at the end of FY22-23 with Pearson On-line and Blended Learning (Connections Academy).

On November 7, 2023, The District will ask voters to support a $16.2 million bond referendum on November 7, 2023. If successful, the bond will: Update and replace building Infrastructure and systems, update and expand the Career and Technical Education labs, update science labs, creation of secure main entrances add and update restrooms and renovate high school classrooms and the media center.

The District will strive to maintain its longstanding commitment to academic excellence and educational opportunities for students within a framework of financial fiduciary responsibility.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Independent School District #811, 2113 Hiawatha Dr. E, Wabasha, Minnesota 55981.

INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA

BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA
STATEMENT OF NET POSITION
June 30, 2023
With Comparative Data as of June 30, 2022

	Governmental Activities	
	2023	2022
Assets		
Cash and cash equivalents	$ 3,095,680	$ 3,515,012
Taxes receivable	1,048,816	1,069,961
Other receivables	23,908	35,068
Due from other governmental units	1,576,425	1,549,980
Inventory	9,573	4,227
Capital assets:		
Nondepreciable	28,425	28,425
Depreciable	9,910,092	10,490,371
TOTAL ASSETS	15,692,919	16,693,044
Deferred Outflows of Resources		
Deferred outflows from pension activity	2,991,952	2,893,356
Deferred outflows from OPEB activity	47,680	47,636
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,039,632	2,940,992
Liabilities		
Accounts and contracts payable	1,144,889	1,120,735
Due to other governmental units	25,354	13,505
Unearned revenue	131,502	131,367
Accrued liabilities	1,058,762	1,006,886
Accrued interest payable	47,754	49,961
Long-Term Liabilities:		
Due within one year	654,821	697,149
Other due in more than one year	4,460,299	5,091,262
Other post-employment benefits	436,282	395,459
Net pension liability	7,146,787	3,591,675
TOTAL LIABILITIES	15,106,450	12,097,999
Deferred Inflows of Resources		
Deferred inflows from pension activity	1,072,880	5,485,004
Deferred inflows from OPEB activity	131,484	161,896
Property taxes levied for subsequent year	1,990,256	2,061,554
TOTAL DEFERRED INFLOWS OF RESOURCES	3,194,620	7,708,454
Net Position		
Net investment in capital assets	5,011,931	5,157,367
Restricted:		
Operating capital	295,859	435,803
State-mandated reserves	80,522	53,287
Food service	85,952	94,384
Community service	21,530	13,089
Debt service	120,027	40,097
Unrestricted	(5,184,340)	(5,966,444)
TOTAL NET POSITION	$ 431,481	$ (172,417)

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023
With Partial Comparative Data for the Year Ended June 30, 2022

	2023			
		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
District and school administration	$ 796,755	$	$	$
District support services	461,161			
Regular instruction	5,964,095	141,393	850,239	
Vocational instruction	98,316			
Special education	1,708,639	18,750	1,327,716	
Community education and services	430,216	230,425	159,181	
Instructional support services	334,898			152,915
Pupil support services	848,342		16,673	
Site, buildings, and equipment	1,243,063	7,713		
Fiscal and other fixed cost programs	110,792			
Food service	437,366	179,806	201,107	
Interest and other fiscal charges	137,029			
Total governmental activities	$ 12,570,672	$ 578,087	$ 2,554,916	$ 152,915
General Revenues:				
Property taxes levied for:				
General purposes				
Community Service				
Debt Service				
State aid not restricted to specific purposes				
Investment income				
Total general revenues				
Change in net position				
Net Position - beginning				
Net Position - Ending				

See Notes to Financial Statements

2023	2022
Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Total Governmental Activities	Total Governmental Activities
$ (796,755)	$ (831,875)
(461,161)	(271,362)
(4,972,463)	(5,370,907)
(98,316)	(127,352)
(362,173)	(296,045)
(40,610)	(82,643)
(181,983)	(77,151)
(831,669)	(678,405)
(1,235,350)	(1,172,720)
(110,792)	(90,423)
(56,453)	91,247
(137,029)	(146,142)
(9,284,754)	(9,053,778)
1,428,989	1,304,062
79,202	79,743
701,851	707,753
7,662,961	7,397,308
15,649	4,716
9,888,652	9,493,582
603,898	439,804
(172,417)	(612,221)
$ 431,481	$ (172,417)

INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023
With Partial Comparative Data as of June 30, 2022

	General	Food Service	Community Service
Assets			
Cash and cash equivalents	$ 2,417,513	$ 97,855	$ 122,287
Current property taxes receivable	615,499		37,115
Delinquent property taxes receivable	19,906		1,171
Other receivables	18,449	1,463	3,996
Due from Minnesota Department of Education	696,493		4,728
Due from Federal through Minnesota Department of Education	795,326	1,887	
Due from other districts	64,857		
Inventory		9,573	
TOTAL ASSETS	$ 4,628,043	$ 110,778	$ 169,297
Liabilities, Deferred Inflows of Resources, and Fund Balance			
Liabilities			
Accounts payable	$ 1,141,543	$ 3,346	$
Salaries and accrued liabilities payable	998,010	2,792	57,960
Due to other governmental units	16,718		8,636
Unearned revenue:			
Local sources	112,814	18,688	
TOTAL LIABILITIES	2,269,085	24,826	66,596
Deferred Inflows of Resources			
Unavailable revenue:			
Property taxes levied for subsequent year	1,231,753		80,000
Delinquent property taxes	19,906		1,171
TOTAL DEFERRED INFLOWS OF RESOURCES	1,251,659		81,171
Fund Balances			
Nonspendable		9,573	
Restricted	376,381	76,379	21,530
Assigned	94,729		
Unassigned	636,189		
TOTAL FUND BALANCES	1,107,299	85,952	21,530
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	$ 4,628,043	$ 110,778	$ 169,297

See Notes to Financial Statements

		Total Governmental Funds	
Building Construction	Debt Service	2023	2022
$	$ 458,025	$ 3,095,680	$ 3,515,012
	364,067	1,016,681	1,069,013
	11,058	32,135	948
		23,908	1,400
	13,134	714,355	1,229,898
		797,213	320,082
		64,857	33,668
		9,573	4,227
$	$ 846,284	$ 5,754,402	$ 6,174,248
$	$	$ 1,144,889	$ 1,120,735
		1,058,762	1,006,886
		25,354	13,505
		131,502	131,367
		2,360,507	2,272,493
	678,503	1,990,256	2,061,554
	11,058	32,135	948
	689,561	2,022,391	2,062,502
		9,573	4,227
	156,723	631,013	917,076
		94,729	96,723
		636,189	821,227
	156,723	1,371,504	1,839,253
$	$ 846,284	$ 5,754,402	$ 6,174,248

INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023
With Partial Comparative Data for the Year Ended June 30, 2022

	General	Food Service	Community Service
Revenues			
Local sources:			
Property tax levies	$ 1,397,802	$	$ 79,202
Other local and county sources	192,750		230,425
Investment income	12,535	559	9
State sources	8,991,899	20,066	81,768
Federal sources	841,377	255,636	86,400
Sales and other conversions of assets	362	179,806	
TOTAL REVENUES	11,436,725	456,067	477,804
Expenditures			
District and school administration	869,952		
District support services	471,709		
Regular instruction	6,262,465		
Vocational instruction	113,062		
Special education	1,907,650		
Community education and services			469,363
Instructional support services	309,407		
Pupil support services	902,443		
Site, buildings, and equipment	821,631		
Fiscal and other fixed cost programs	110,792		
Food service		464,499	
Debt Service:			
Interest			
Principal			
TOTAL EXPENDITURES	11,769,111	464,499	469,363
NET CHANGE IN FUND BALANCES	(332,386)	(8,432)	8,441
FUND BALANCE - BEGINNING	1,439,685	94,384	13,089
FUND BALANCE - ENDING	$ 1,107,299	$ 85,952	$ 21,530

See Notes to Financial Statements

		Total Governmental Funds	
Building Construction	Debt Service	2023	2022
$	$ 666,792	$ 2,143,796	$ 2,120,480
		423,175	520,739
701	1,845	15,649	4,716
	131,369	9,225,102	9,300,687
		1,183,413	809,465
		180,168	67,327
701	800,006	13,171,303	12,823,414
		869,952	851,091
		471,709	278,333
		6,262,465	5,813,866
		113,062	129,198
		1,907,650	1,946,682
		469,363	416,087
		309,407	282,635
		902,443	774,243
203,087		1,024,718	1,032,016
		110,792	85,522
		464,499	428,621
	142,992	142,992	161,723
	590,000	590,000	655,000
203,087	732,992	13,639,052	12,855,017
(202,386)	67,014	(467,749)	(31,603)
202,386	89,709	1,839,253	1,870,856
$	$ 156,723	$ 1,371,504	$ 1,839,253

INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA
RECONCILIATION OF NET ASSETS IN THE
DISTRICT-WIDE FINANCIAL STATEMENTS AND FUND BALANCES
IN THE FUND BASIS FINANCIAL STATEMENTS
June 30, 2023

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

Total governmental fund balances (pages 18 and 19)		$ 1,371,504
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental funds - capital assets	$ 20,713,784	
Less: Accumulated depreciation	10,775,267	
		9,938,517
Some receivables are not available soon enough to pay for current-period expenditures and, therefore, are unavailable in the funds:		
Delinquent property taxes		32,135
Interest on long-term debt is not accrued in governmental funds, but rather recognized as an expenditure when due		(47,754)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds and long-term debt payable	$ (4,926,586)	
Net pension liability	(5,227,715)	
Severance payable	(166,378)	
Other postemployment benefits payable	(520,086)	
Compensated absences payable	(22,156)	
		(10,862,921)
Net position of governmental activities (page 15)		$ 431,481

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

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

Net change in fund balances - total governmental funds (pages 20 and 21)		$ (467,749)
Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlays	$ 101,648	
Depreciation expense	(681,927)	
		(580,279)
Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Delinquent property taxes		31,187
The governmental funds report long-term debt proceeds as financing sources, while repayment of long-term debt principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligations bonds and related items is as follows.		
Change in accrued interest - General Obligation Bond	$ 2,207	
Repayment of other long-term debt	43,473	
Repayment of bond principal	590,000	
Amortization of bond premium	3,756	
		639,436
In the statement of activities, certain operating expenses - severance benefits, compensated absences, and other postemployment benefits - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).		
Severance payable	$ 26,284	
Change in accrued compensated absences	9,778	
Net pension liability	955,608	
Other post-employment benefits payable	(10,367)	
		981,303
Change in net position of governmental activities (pages 16 and 17)		$ 603,898

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2023
With Comparative Data for the Year Ended June 30, 2022

	Budgeted Amounts		2023	Over (Under)	2022
	Original	Final	Actual	Final Budget	Actual
Revenues					
Local sources:					
Property tax levies	$ 1,172,078	$ 1,157,145	$ 1,397,802	$ 240,657	$ 1,332,984
Other local and county sources	122,990	146,302	192,750	46,448	279,000
Investment income	4,000	6,000	12,535	6,535	2,861
State sources	9,536,725	9,644,454	8,991,899	(652,555)	9,101,813
Federal sources	1,034,469	840,381	841,377	996	366,619
Sales and other conversions of assets	1,640	1,640	362	(1,278)	647
TOTAL REVENUES	11,871,902	11,795,922	11,436,725	(359,197)	11,083,924
Expenditures					
District and school administration	847,311	876,974	869,952	(7,022)	851,091
District support services	269,265	384,065	471,709	87,644	278,333
Regular instruction	5,660,819	6,183,299	6,262,465	79,166	5,813,866
Vocational instruction	145,494	147,418	113,062	(34,356)	129,198
Special education	2,129,343	1,937,977	1,907,650	(30,327)	1,946,682
Instructional support services	271,803	241,154	309,407	68,253	282,635
Pupil support services	911,828	976,774	902,443	(74,331)	774,243
Site, buildings, and equipment	989,365	943,338	821,631	(121,707)	999,190
Fiscal and other fixed cost programs	79,831	112,000	110,792	(1,208)	85,522
TOTAL EXPENDITURES	11,305,059	11,802,999	11,769,111	(33,888)	11,160,760
NET CHANGE IN FUND BALANCES	566,843	(7,077)	(332,386)	(325,309)	(76,836)
FUND BALANCE - BEGINNING	1,439,685	1,439,685	1,439,685		1,516,521
FUND BALANCE - ENDING	$ 2,006,528	$ 1,432,608	$ 1,107,299	$ (325,309)	$ 1,439,685

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOOD SERVICE FUND
For the Year Ended June 30, 2023
With Comparative Data for the Year Ended June 30, 2022

	Budgeted Amounts		2023	Over (Under)	2022
	Original	Final	Actual	Final Budget	Actual
Revenues					
Local sources:					
Investment income	$	$	$ 559	$ 559	$ 100
State sources	5,743	20,066	20,066		8,974
Federal sources	321,318	278,970	255,636	(23,334)	442,846
Sales and other conversions of assets	62,000	130,965	179,806	48,841	66,680
TOTAL REVENUES	389,061	430,001	456,067	26,066	518,600
Expenditures					
Pupil support services	396,640	440,500	464,499	23,999	428,621
NET CHANGE IN FUND BALANCES	(7,579)	(10,499)	(8,432)	2,067	89,979
FUND BALANCES - BEGINNING	94,384	94,384	94,384		4,405
FUND BALANCES - ENDING	$ 86,805	$ 83,885	$ 85,952	$ 2,067	$ 94,384

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
COMMUNITY SERVICE FUND
For the Year Ended June 30, 2023
With Comparative Data for the Year Ended June 30, 2022

	Budgeted Amounts		2023	Over (Under)	2022
	Original	Final	Actual	Final Budget	Actual
Revenues					
Local sources:					
Property tax levies	$ 80,365	$ 81,734	$ 79,202	$ (2,532)	$ 79,743
Other local and county sources	218,464	239,101	230,425	(8,676)	241,739
Investment income			9	9	261
State sources	82,566	79,945	81,768	1,823	88,039
Federal sources			86,400	86,400	
TOTAL REVENUES	381,395	400,780	477,804	77,024	409,782
Expenditures					
Community education and services	398,150	552,970	469,363	(83,607)	416,087
NET CHANGE IN FUND BALANCES	(16,755)	(152,190)	8,441	160,631	(6,305)
FUND BALANCES - BEGINNING	13,089	13,089	13,089		19,394
FUND BALANCES - ENDING	$ (3,666)	$ (139,101)	$ 21,530	$ 160,631	$ 13,089

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Independent School District #811 was formed and operates pursuant to applicable Minnesota laws and statutes.

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

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant accounting policies:

Financial Reporting Entity

Independent School District #811 (the District) is an instrumentality of the State of Minnesota established to function as an educational institution. The elected School Board (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

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

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

Student Activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside of school hours. The School Board does have a fiduciary responsibility in establishing broad policies and ensuring that appropriate financial records are maintained for student activities.

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.

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

Separate Fund financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

The District-wide financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 “Accounting and Financial Reporting for Nonexchange Transactions.” Property taxes are generally recognized as revenues in the fiscal year for which they are levied, except for amounts advance recognized in accordance with a statutory “tax shift” described later in these notes. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State aids are recorded as revenue in the fiscal year for which the aids are designated by statute.

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

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

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

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

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

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

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

1. Summary of Significant Accounting Policies (Continued)

Description of Funds

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

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures of the individual funds in the governmental fund category) for the determination of major funds. The District electively added as major funds, those which had specific community focus. The major funds of the District are presented as follows:

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

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

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

The *building construction fund* accounts for the resources related to upgrades to building facilities.

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

Budgets and Budgetary Accounting

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

Procedurally, in establishing the budgetary data reflected in these financial statements, the Superintendent submits to the School Board prior to July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means to finance them. The budget is legally enacted by School Board action. Revisions to budgeted amounts must be approved by the School Board. Total fund expenditures in excess of the budget require approval of the School Board. Spending control for most funds is established by the amount of expenditures budgeted for the fund, but management control is exercised at line item levels.

1. Summary of Significant Accounting Policies (Continued)

Cash and Investments

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

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

Accounts Receivable

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

Use of Estimates

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

Unearned Revenue

Unearned revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

Inventories

Inventories are recorded using the consumption method of accounting and consist of food and commodities on hand at June 30, 2023. The food is recorded at the lower of cost or market. The food inventories are valued using the latest invoice cost, which approximates FIFO inventory method. Surplus commodities are stated at standardized commodities cost as determined by the Department of Agriculture.

Leases

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

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

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

1. Summary of Significant Accounting Policies (Continued)

Property Taxes

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

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as deferred revenue (property taxes levied for subsequent year). The majority of District revenue in the General and Special Revenue Funds is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between taxes and state aids by the Legislature based on education funding priorities. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift", which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes $101,687 of the property tax levy collectible in 2023 as revenue to the District in fiscal year 2022-2023. The remaining portion of the tax's collectible in 2023 is recorded as deferred inflows of resources.

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is deferred inflows of resources because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material. Current levies of local taxes, less the amount recognized as revenue in the current period, including portions assumed by the State which will be recognized as revenue in the next fiscal year beginning July 1, 2023, are included in the Property Taxes Levied for Subsequent Year account to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

Capital Assets

Capital assets are capitalized at historical cost or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The District maintains a capitalization threshold level of $1,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the District-wide financial statement but are not reported in the Fund financial statements. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Deprecation is provided using the straight-line method applied over the following estimated useful lives of the assets.

	Useful Life in Years
Buildings	20 - 50
Equipment	3 - 15

Capital assets not being depreciated include land.

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

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

Compensated Absences and Termination Benefits

The District has employee and union contracts with several different employee groups. Employee benefits under the contracts are different, but generally include provisions for sick leave, vacation leave, and termination benefits. The District accounts for the employee benefits as follows:

Full-time, non-certified employees earn annual vacation pay based on the length of service in the District. Employees earn 10 days of vacation per year for the first ten years of service and 15 days of vacation thereafter. All outstanding unpaid vacation is payable upon termination of employment. At June 30, 2023, unpaid vacation totaling $32,384 the retirement in the fund financial statements of personnel eligible for a severance payment. The payment of severance pay is recorded as a current expenditure in the year of the payment.

Other Postemployment Benefits Payable

Under the provisions of the various employee and union contracts the District provides Health and Dental Care coverage until age 65 if certain age and minimum years of service requirements are met. The amount to be incurred is limited as specified by contract. All premiums are funded on a pay-as-you-go basis. This amount was actuarially determined, in accordance with GASB 75.

Long-term Obligations

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

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

Fund Equity

In the fund financial statements, governmental fund types report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Interfund Transactions

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

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

1. Summary of Significant Accounting Policies (Continued)

Comparative Data

Comparative data for the prior year has been presented in certain of the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, complete comparative data has not been presented since the inclusion would not provide meaningful comparisons. Certain amounts in the June 30, 2022 totals column have been reclassified to conform to the current year presentation.

Concentration of Credit Risk

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

Deferred Outflow of Resources

In addition to assets, the financial statements will sometimes report separate section for deferred outflows of resources. This is a separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has two types of items. One type of deferred outflows of resources is pension related and the other is OPEB related. Both are reported in the statement of net position.

Deferred Inflows of Resources

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

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the District-wide financial statements. Net investment in capital assets, net of related debt 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 on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

Pensions

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

TRA has a special funding situation created by direct aid contributions made by the State of Minnesota, City of Minneapolis, and Minneapolis School District. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the State of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association (DTRFA) in 2015. Additional information can be found in Note 8.

Implementation of New Accounting Principles

During the year, the District implemented *GASB Statement No. 96, Subscription-Based Information Technology Arrangements.* This Statement provides guidance on accounting and financial reporting for subscription-based information technology. Under this Statement, government organizations are required to recognize a subscription liability and a right-to-use capitalized asset. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. This Statement establishes uniform accounting and financial reporting requirements for Subscription Based Information Technology Arrangements; improves the comparability of government financial statements; and enhances the relevance, understandability, reliability, and consistency of information regarding these arrangements. The Statement has been implemented.

2. Stewardship and Accountability

Excess of expenditures over appropriations at the individual fund level during 2023 is as follows:

	Budget	Expenditures	Excess
Food Service	$ 440,500.00	$ 464,499.00	$ 23,999.00

Excess expenditures were the result of planned processes.

3. Deposits and Investments

Summary of Cash and Investments

As of June 30, 2023, the District's cash and investments consisted of the following items, all of which are held in an internal investment pool:

Deposits	$	240,522
Money Market		2,855,158
Total cash and investments	$	3,095,680

Investments Authorized by Minnesota Statutes

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

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

b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency and all of the investments have a final maturity of thirteen months or less.

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

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

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

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

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

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

Fair Value Measurement

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

3. Deposits and Investments (Continued)

Fair Value Measurement (Continued)

The three levels of the fair value hierarchy are as follows:

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

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

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

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

The District had no assets or liabilities measured at fair value for the years ended June 30, 2023 and 2022.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's deposit policy for custodial credit risk follows Minnesota Statutes for deposits. The District's deposits are entirely covered by federal depository insurance or by collateral held by the District's custodial banks in the District's name

Minnesota Statutes require that all District deposits be insured, secured by surety bonds, or be collateralized. Except for notes secured by first mortgages of future maturity, the market value of collateral pledged by the custodial bank must equal 110% of the deposits not covered by insurance or surety bonds.

Authorized collateral includes certain state of local government obligations and legal investments. Minnesota Statutes also require that securities pledged as collateral be held in safekeeping by the Treasurer, or in a financial institution other than the institution furnishing the collateral.

Credit Risk

The District has no investment policy that would limit its investment choices.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

Interest Rate Risk

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

4. Due From Other Governmental Units

Amounts due from other governmental units at June 30, 2023 are as follows:

Fund	Minnesota Department of Education	Federal Government Through MDE	Due From Other Districts	Total
General	$ 696,493	$ 795,326	$ 64,857	$ 1,556,676
Food Service		1,887		1,887
Community Service	4,728			4,728
Debt Service	13,134			13,134
	$ 714,355	$ 797,213	$ 64,857	$ 1,576,425

5. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 28,425	$	$	$ 28,425
Total capital assets, not being depreciated	28,425			28,425
Capital assets, being depreciated:				
Buildings	15,638,692			15,638,692
Land improvements	3,233,981	11,205		3,245,186
Equipment	1,882,079	90,443	171,041	1,801,481
Total capital assets, being depreciated	20,754,752	101,648	171,041	20,685,359
Less accumulated depreciation for:				
Buildings	7,464,591	450,758		7,915,349
Land improvements	1,401,744	142,141		1,543,885
Equipment	1,398,046	89,028	171,041	1,316,033
Total accumulated depreciation	10,264,381	681,927	171,041	10,775,267
Total capital assets, being depreciated, net	10,490,371	(580,279)		9,910,092
Governmental activities capital assets, net	$ 10,518,796	$ (580,279)	$	$ 9,938,517

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
Administration	$ 7,231
District support services	2,107
Regular instruction	264,548
Vocational education instruction	1,343
Special education	72
Instructional support services	36,380
Pupil support services	11,473
Site, buildings and equipment	358,773
Total depreciation expense - governmental activities	$ 681,927

6. Long-Term Liabilities

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

A summary of interest rates, maturities and June 30, 2023 balances of General Obligation Bonds is as follows:

	Original Amount of Debt	Range of Interest	Final Maturity	Balance June 30, 2023
General Obligation Bonds:				
General Obligation 2011A	$ 3,440,000	0.06% - 3.2%	2/1/2024	$ 345,000
G.O. Alternative Facilities of 2016A	3,980,000	2.0% - 2.5%	2/1/2031	2,270,000
G.O. Tax Abatement Bond, Series 2018A	1,900,000	3.125% - 4%	2/1/2034	1,900,000
Total General Obligation Bonds				$ 4,515,000

The following is a summary of the changes in long-term debt obligations for the year ended June 30, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds Payable					
General Obligation 2004A refunded into 2011A	$ 675,000	$	$ 330,000	$ 345,000	$ 345,000
G.O. Alternative Facilities Bond - 2016A	2,530,000		260,000	2,270,000	265,000
G.O. Tax Abatement Bonds - Series 2018A	1,900,000			1,900,000	
Bond Premium	38,655		3,756	34,899	
Energy Loan	420,160		43,473	376,687	44,821
Severance Benefits	192,662	19,629	45,913	166,378	
Compensated Absences Payable	31,934	3,846	13,624	22,156	
Governmental Activities Long-term Liabilities	$ 5,788,411	$ 23,475	$ 696,766	$ 5,115,120	$ 654,821

6. Long-Term Liabilities (Continued)

The annual requirements to amortize all long-term debt outstanding as of June 30, 2023, over the life of the debt, are summarized below:

	General Obligation Bonds		Capital and Energy Improvement Loans		Total
Years	Principal	Interest	Principal	Interest	
Governmental Activities					
2024	$ 610,000	$ 124,928	$ 44,907	$ 10,814	$ 807,090
2025	430,000	108,587	46,085	9,636	798,131
2026	445,000	96,787	47,526	8,195	806,006
2027	455,000	84,487	49,061	6,660	723,326
2028	465,000	71,887	56,500	3,864	597,252
2029 - 2033	1,890,000	172,162	132,608	6,920	2,201,689
2034	220,000	6,875			226,875
Totals	$ 4,515,000	$ 665,713	$ 376,687	$ 46,089	$ 6,160,369

Payments on the general obligation bonds payable that pertain to the School District's governmental activities are made by the debt service fund. The severance payable liability attributable to the governmental activities will be liquidated by other School District governmental funds.

7. Fund Equity

The School District classifies governmental fund balances as follows:

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

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

The District has not adopted a fund balance policy.

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

Restricted for Operating Capital - Represents available resources in the General Fund to be used to purchase equipment and facilities.

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

Restricted for Safe Schools - Represents available resources to provide Safe School programs.

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

Restricted for Early Child and Family Education Programs – The fund balance restriction represents accumulated resources available to provide services for early childhood and family education planning.

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

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

7. Fund Equity (Continued)

The following is a summary of fund balances as of June 30, 2023 with comparative totals as of June 30, 2022:

	General	Food Service	Community Service	Debt Service	2023 Totals	2022 Totals
Nonspendable						
Inventory	$	$ 9,573	$	$	$ 9,573	$ 4,227
Total nonspendable		9,573			9,573	4,227
Restricted						
Student activities	4,228				4,228	4,511
Operating capital	295,859				295,859	435,803
Medical assistance	76,294				76,294	48,776
School readiness			180		180	
Food service		76,379			76,379	90,157
ECFE			20,745		20,745	3,194
Community service			605		605	9,895
Building construction						235,031
Debt service				156,723	156,723	89,709
Total restricted	376,381	76,379	21,530	156,723	631,013	917,076
Assigned						
Student activities	44,729				44,729	46,723
Severance	50,000				50,000	50,000
Total assigned	94,729				94,729	96,723
Unassigned	636,192				636,192	821,227
Total Fund Balance	$ 1,107,302	$ 85,952	$ 21,530	$ 156,723	$ 1,371,507	$ 1,839,253

7. Fund Equity (Continued)

The Uniform Financial Accounting and Reporting Standards (UFARS) fund balance reporting standards are slightly different than the reporting standards under GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions.* Below is a reconciliation between the fund balances following GASB standards and UFARS standards:

	GASB Balance	Reconciling Balance	2023 UFARS Balance	2022 UFARS Balance
Nonspendable				
Inventory	$ 9,573	$	$ 9,573	$ 4,227
Total nonspendable	9,573		9,573	4,227
Restricted				
Student activities	4,228		4,228	4,511
Operating capital	295,859		295,859	435,803
Safe school		(66,700)	(66,700)	(48,609)
Long term facilities maintenance		(10,495)	(10,495)	(2,704)
Medical assistance	76,294		76,294	48,776
School readiness	180		180	
Food service	76,379		76,379	90,157
ECFE	20,745		20,745	3,194
Community service	605		605	9,895
Building construction				235,031
Debt service	156,723		156,723	89,709
Total restricted	631,013	(77,195)	553,818	865,763
Assigned				
Student activites	44,729		44,729	46,723
Severance	50,000		50,000	50,000
Total assigned	94,729		94,729	96,723
Unassigned	636,192	77,195	713,387	872,540
Total Fund Balance	$ 1,371,507	$	$ 1,371,507	$ 1,839,253

8. Defined Benefit Pension Plans - Statewide

Plan Description

1. General Employees Retirement Fund

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

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

2. Teachers Retirement Association (TRA)

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

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

Benefits Provided

1. General Employees Plan Benefits

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

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

8. Defined Benefit Pension Plans – Statewide (Continued)

Benefits Provided (Continued)

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

2. TRA Benefits

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

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

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

With these provisions:

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

b) 3 percent per year early retirement reduction factor for all years under normal retirement age.

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

Or

Tier II Benefits

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

8. Defined Benefit Pension Plans – Statewide (Continued)

Benefits Provided (Continued)

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

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

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

Contributions

1. General Employees Fund Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2023 and the District was required to contribute 7.50 percent for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2023 were $76,608. The District's contributions were equal to the required contributions as set by the state statute.

2. TRA Contributions

Per *Minnesota Statute,* Chapter 354 sets the rates for the employee and employer contributions. Rates for each fiscal year ended were:

	Ended June 30, 2023		Ended June 30, 2022	
	Employee	Employer	Employee	Employer
Basic	11.00%	12.55%	11.00%	12.34%
Coordinated	7.50%	8.55%	7.50%	8.34%

The District's contributions to the TRA Fund for the year ended June 30, 2023 were $390,915. The District's contributions were equal to the required contributions as set by the state statute.

8. Defined Benefit Pension Plans – Statewide (Continued)

Contributions (Continued)

The following is a reconciliation of employer contributions in TRA's fiscal year 2022 ACFR "Statement of Changes in Fiduciary Net Position" to the employer contributions used in Schedule of Employer and Non-Employer Pension Allocations.

Employer contributions reported in TRA's ACFR, Statement of Changes in Fiduciary Net Position	$ 482,679,000
Employer contributions not related to future contribution efforts	(2,178,000)
TRA's contributions not included in allocation	(572,000)
Total employer contributions	$ 479,929,000
Total non-employer contributions	35,590,000
Total Contributions reported in Schedule of Employer and Non-Employer Allocations	$ 515,519,000

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

Pension Costs

1. General Employees Fund Pension Costs

At June 30, 2023, the District reported a liability of $1,077,124 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 $31,581..

The net pension liability was measured as of June 30, 2022, 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, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0140 percent at the end of the measurement period and 0.0136 percent for the beginning of the period.

District's proportionate share of net pension liability	$ 1,077,124
State's proportionate share of the net pension liability associated with the district	31,581

8. Defined Benefit Pension Plans – Statewide (Continued)

Pension Costs (continued)

For the year ended June 30, 2023, the District recognized pension expense of ($58,741) for its proportionate share of General Employee Plan's pension expense. In addition, the District recognized an additional $6,719 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the annual $16 million contribution.

At June 30, 2023, the District reported its proportionate share of General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	$ 8,997	$ 11,439
Difference between projected and actual investment earnings	16,040	
Changes in actuarial assumptions	243,773	4,091
Changes in proportion	26,979	6,911
Contributions paid to PERA subsequent to the measurement date	82,303	
Total	$ 378,092	$ 22,441

The $82,303 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, 2024. 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
2024	$ 99,739
2025	110,527
2026	(34,327)
2027	97,409

2. TRA Pension Costs

At June 30, 2023, the District reported a liability of $6,069,663 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. The District's proportionate share was 0.0758% percent at the end of the measurement period and 0.0688% percent for the beginning of the year.

8. Defined Benefit Pension Plans – Statewide (Continued)

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:

District's proportionate share of net pension liability	$	6,069,663
State's proportionate share of the net pension liability associated with the district		450,002

For the year ended June 30, 2023, the District recognized pension expense of $1,014,349. It also recognized $66,596 as an increase to pension expense for the support provided by direct aid.

At June 30, 2023, the District deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	$ 75,270	$ 44,206
Difference between projected and actual investment earnings	332,803	
Changes in actuarial assumptions	882,276	925,298
Changes in proportion	907,757	80,935
Contributions paid to TRA subsequent to the measurement date	415,754	
Total	$ 2,613,860	$ 1,050,439

The $415,754 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. 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
2024	$ (564,998)
2025	398,927
2026	334,745
2027	923,659
2028	55,334

8. Defined Benefit Pension Plans – Statewide (Continued)

Aggregate Pension Costs

Pension expense recognized by the District for the year ended June 30, 2023 is as follows:

General Employee Retirement Funds	$ 60,170
TRA	(1,012,935)
Total	$ (952,765)

Long-Term Expected Return on Investment

1. General Employee Retirement Fund Actuarial Assumptions

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

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

2. TRA Long-Term Expected Return on Investment

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

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

8. Defined Benefit Pension Plans – Statewide (Continued)

Actuarial Methods and Assumptions

1. General Employees Fund Actuarial Methods and Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

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

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

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2022:

Changes in Actuarial Assumptions:

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

Change in Plan Provisions:

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

2. TRA Actuarial Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

8. Defined Benefit Pension Plans – Statewide (Continued)

Key Methods and Assumptions Used in Valuation of Total Pension Liability	
Actuarial Information	
Valuation Date	July 1, 2022
Measurement Date	June 30, 2022
Experience Study	June 28, 2019 (demographic and economic assumptions)
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.00%
Price Inflation	2.50%
Wage Growth Rate	2.85% before July 1, 2028 and 3.25% after June 30, 2028
Projected Salary Increase	2.85% to 8.85% before July 1, 2028 and 3.25% to 9.25% after June 30, 2028
Cost of Living Adjustment	1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually
Mortality Assumptions:	
Pre-Retirement:	RP-2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP-2015 scale.
Post-Retirement:	RP-2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale
Post-Disability:	RP-2014 disabled retiree morality table, without adjustment.

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

The following changes in TRA actuarial assumptions since the 2021 valuation:

- None.

8. Defined Benefit Pension Plans – Statewide (Continued)

Discount Rate

1. General Employees Fund Discount Rate

The discount rate for the General Employees Plan used to measure the total pension liability in 2022 was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

2. TRA Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2022 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

Pension Liability Sensitivity

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
General Employee Retirement Fund Discount Rate	5.50%	6.50%	7.50%
District's proportionate share of the General Employee Retirement Fund net pension liability	$ 1,701,375	$ 1,077,124	$ 565,143
TRA Discount Rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	$ 9,568,493	$ 6,069,663	$ 3,201,713

Pension Plan Fiduciary Net Position

Detailed information about General Employees Retirement Fund's fiduciary net position is available in a separately issued PERA financial report. That report may be obtained on the Internet at www.mnpera.org; by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

Detailed information about TRA's fiduciary net position is available in a separately issued TRA financial report. That report can be obtained at www.MinnesotaTRA.org; by writing to TRA at 60 Empire Drive #400, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-2409 or 1-800-652-9026.

9. Severance Pay and Early Retirement Incentive Pay

The District has severance benefit policies for teachers and non-teachers.

All teachers who have at least 20 years of continuous service with the District will receive a severance payment upon retirement, depending on number of PTO/BPTO days remaining at retirement. The retired teacher will receive an amount equal to the number of unused PTO/BPTO days multiplied by 50% for 20 years, 60% or 30 years, 70% for 40 years of the employee's daily rate of pay not to exceed $28,000. The payment is reduced by any 403(b) contributions the District made for the employee and payments to an employee's health care savings account.

All non-teachers shall be eligible for severance pay based on their continuous years of service and unused number of sick leave days (not to exceed 80 days) times his/her daily rate of pay. The payment is reduced by any payments to an employee's health care savings account prior to retirement.

For administrators employed for at least eight years, the maximum benefits could be up to 32, ,40, 53.33 days (1/5, 1/4, 1/3 OF 160 days maximum) of pay upon retirement. The payment shall be in a lump sum payment in the calendar year of ending employment with the District to the employee's HCSP account.

An estimate of the potential obligation to be paid in future years is. This amount is included in the District-wide financial statements as part of long-term liabilities.

10. Other Post-Employment Benefits

The District engaged an actuary to determine the District's liability for postemployment healthcare benefits other than pensions for the year ended June 30, 2023.

Plan Description

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

Benefits Provided

These retirees will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the District's health benefits program. Retirees are required to pay 100% of the total premium cost. Since the premium is a blended rate determined on the entire active retiree population, the retirees are receiving an implicit rate subsidy. As of June 30, 2023 there were 72 active participants and 5 retired participants in the District's group health plan.

Funding Policy

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

Total OPEB Liability

The District's total OPEB liability was measured as of July 1, 2022, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2021. The components of the total OPEB liability of the District at year-end were as follows:

Net OPEB liability	$ 436,282
Liability discount rate	2.10%

Actuarial Methods and Assumptions

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

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

10. Other Post-Employment Benefits (Continued)

Actuarial Methods and Assumptions (Continued)

The total OPEB liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Plan Type	Single Employer
Discount rate	3.69%
Long-term expected investment return	N/A
Inflation rate	2.25%
Mortality	
Teachers	From the July 1, 2021 Teachers Retirement Association of Minnesota (TRA) actuarial valuation, RP-2014 mortality tables with projected morality improvements based on scale MP-2015, and other adjustments.
Non-Teachers	From the July 1, 2021 PERA of Minnesota General Employees Retirement Plan actuarial valuation, Pub-2010 General mortality tables with projected mortality improvements based on scale MP-2020, and other adjustments.
Health care cost trend rate	6.7% for FY2022, gradually decreasing over several decades to an ultimate rate of 3.7% in FY2075 and later years.

The following changes in economic assumptions since the last valuation have been made:

- The discount rate was changed from 1.92% to 3.69% based on updated 20-year municipal bond rates.

There were no changes in plan provisions or demographic and other assumptions since the previous valuation.

Changes in Net OPEB Liability

	Total OPEB
Beginning Balance 6/30/2022	$ 395,459
Changes for the Year	
Service Cost	54,584
Interest	9,211
Benefit Payouts	(22,972)
Net Changes	40,823
Balance End of Year 6/30/2023	$ 436,282

10. Other Post-Employment Benefits (Continued)

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

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	Total OPEB
1% decrease in Discount Rate (1.10%	$ 461,209
Current Discount Rate (2.10%)	436,282
1% increase in Discount Rate (3.10%)	411,853

The following represents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it would have calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates:

	Total OPEB
1% decrease in Trend Rates	$ 385,258
Current Trend Rates	436,282
1% increase in Trend Rates	497,639

OPEB Related Deferred Outflows/Inflows of Resources

As of the year ended June 30, 2023, the District, reported deferred outflows and deferred inflows of resources related to OPEB from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	$ 20,553	$ 5,650
Difference between expected and actual liability		125,834
Contributions paid to OPEB subsequent to the measurement date	27,127	
	$ 47,680	$ 131,484

The $27,127 reported as deferred outflows of resources related to OPEB resulting from District contributions to OPEB subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	OPEB Amount
2024	$ (26,301)
2025	(26,299)
2026	(19,443)
2027	(19,443)
2028	(19,445)

NOTES TO FINANCIAL STATEMENTS

11. Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries insurance for employee health, liability, property, and automotive insurance. Settled claims resulting from these risks have not exceeded the insurance coverage in any of the past three years. There was no reduction in insurance coverage during 2023.

12. Jointly Governed Organization

The Hiawatha Valley Education District No. 61-6013 was established by an act of the 1987 Legislature of the State of Minnesota. The primary objective of the education district is to provide, by a cooperative effort, comprehensive education programs and other related services as can be effectively operated by its fifteen-member districts and five-member charter schools. 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 programming through the previously mention revenue sources. The joint governed organization's financial statements are audited and available for inspections.

13. Defined Contribution Plan

The District provides eligible employees future retirement benefits through the District's 403(b) Plan (the "Plan"). Employees of the District are eligible to participate in the Plan commencing on the date of their employment. Eligible employees may elect to have a specific amount per pay period contributed to the Plan. Administrative employees are eligible to receive a District match of employee contributions up to the qualifying amounts set forth in their respective collective bargaining agreements. Contributions are invested in tax deferred annuities selected and owned by Plan participants. District contributions during the years ended June 30, 2023 and 2022, range from $2,000 - $5,000 depending on years of continuous service in the district.

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, of funds which may be disallowed by the agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial. The financial assistance received is subject to audits by the grantor agency.

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INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2023

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INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA

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

Total OPEB Liability	2023	2022	2021	2020	2019	2018
Service cost	$ 54,584	$ 52,994	$ 48,232	$ 46,827	$ 42,679	$ 41,436
Interest	9,211	16,579	15,522	17,019	15,692	14,796
Assumption Changes		28,775				
Difference between expected and actual experience		(164,878)		(24,196)		
Changes in assumptions				(16,950)		
Benefit payments	(22,972)	(39,351)	(29,582)	(18,373)	(28,499)	(33,748)
Net change in total OPEB liability	40,823	(105,881)	34,172	4,327	29,872	22,484
Total OPEB Liability - beginning of year	395,459	501,340	467,168	462,841	432,969	410,485
Total OPEB Liability - end of year	$ 436,282	$ 395,459	$ 501,340	$ 467,168	$ 462,841	$ 432,969
OPEB-eligible payroll for measurement period	$ 5,175,161	$ 5,024,428	$ 4,373,026	$ 4,245,656	$ 3,764,300	$ 3,654,660
Net OPEB Liability as a Percentage of eligible payroll	8.4%	7.9%	11.5%	11.0%	12.3%	11.8%

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

INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA

Schedule of District's Contributions
General Employee Retirement Funds
Last Ten Years (presented prospectively)

Fiscal Year Ended June 30	Pension Plan	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Payroll (b-c)
2015	PERA	$ 62,298	$ 62,298	$	$ 830,640	7.50%
2016	PERA	65,281	65,281		870,413	7.50%
2017	PERA	63,723	63,723		849,640	7.50%
2018	PERA	67,317	67,317		897,560	7.50%
2019	PERA	68,550	68,550		914,000	7.50%
2020	PERA	69,836	69,836		931,147	7.50%
2021	PERA	68,157	68,157		908,760	7.50%
2022	PERA	73,609	73,609		981,453	7.50%
2023	PERA	76,608	76,608		1,021,440	7.50%
2024						

Schedule of District's Contributions
TRA Retirement Funds
Last Ten Years (presented prospectively)

Fiscal Year Ended June 30	Pension Plan	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Payroll (b-c)
2015	TRA	$ 194,941	$ 194,941	$	$ 2,599,213	7.50%
2016	TRA	211,233	211,233		2,816,440	7.50%
2017	TRA	216,844	216,844		2,891,253	7.50%
2018	TRA	225,756	225,756		3,010,080	7.50%
2019	TRA	226,263	226,263		3,016,840	7.50%
2020	TRA	231,330	231,330		3,000,389	7.71%
2021	TRA	278,909	278,909		3,718,787	7.50%
2022	TRA	334,941	334,941		4,119,815	8.13%
2023	TRA	390,915	390,915		4,687,230	8.34%
2024						

INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA

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

Fiscal Year Ended June 30	District's Proportionate (Percentage) of the Net Pension Liability (Asset)	District's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability (Asset) (b)	District's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated With the District (a+b)	District's Payroll (c)	District's Proportionate Share (Amount) of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0164%	$ 770,390	$	$ 770,390	$ 830,640	93%	78.70%
2015	0.0151%	782,560		782,560	870,413	90%	78.20%
2016	0.0137%	1,112,372	19,365	1,131,737	849,640	131%	68.90%
2017	0.0139%	887,367	11,184	898,551	897,560	99%	75.90%
2018	0.0136%	754,472	24,667	779,139	914,000	83%	79.53%
2019	0.0132%	729,798	22,666	752,464	931,147	78%	80.23%
2020	0.0127%	761,423	23,495	784,918	908,760	84%	79.06%
2021	0.0136%	580,781	17,716	598,497	981,453	59%	87.00%
2022	0.0140%	1,077,124	31,581	1,108,705	1,021,440	105%	76.70%
2023							

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

Fiscal Year Ended June 30	District's Proportionate (Percentage) of the Net Pension Liability (Asset)	District's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability (Asset) (b)	District's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated With the District (a+b)	District's Payroll (c)	District's Proportionate Share (Amount) of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0610%	$ 2,810,836	$ 197,765	$ 3,008,601	$ 2,599,213	108%	81.50%
2015	0.0555%	3,012,158	421,066	3,433,224	2,816,440	107%	76.80%
2016	0.0556%	13,261,927	1,331,569	14,593,496	2,891,253	459%	44.90%
2017	0.0559%	11,158,654	1,078,607	12,237,261	3,010,080	371%	51.57%
2018	0.0546%	3,429,671	322,040	3,751,711	3,016,840	114%	78.07%
2019	0.0528%	3,365,483	297,977	3,663,460	3,000,389	112%	78.07%
2020	0.0606%	4,477,209	375,326	4,852,535	3,718,787	120%	75.48%
2021	0.0688%	3,010,894	253,927	3,264,821	4,119,815	73%	86.63%
2022	0.0758%	6,069,663	450,002	6,519,665	4,687,230	129%	76.17%
2023							

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INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA

OTHER REQUIRED REPORTS

JUNE 30, 2023

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

To the Board of Education
Independent School District #811
Wabasha, 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, and the provisions of the *Minnesota Legal Compliance Audit Guide for School Districts* promulgated by the Legal Compliance Task Force pursuant to Minnesota Statutes Section 6.65, the financial statements of the governmental activities, and each major fund of the District, as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated November 8, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as Finding 2009-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

Minnesota Legal Compliance

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

District's Response 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 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.

Smith, Schafer and Associates, Ltd.

Red Wing, Minnesota
November 8, 2023

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

To the Board of Education
Independent School District #811
Wabasha**,** Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Compliance for Each Major Federal Program

We have audited the District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a material effect on its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements*, *Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for major federal programs. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's major federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express and opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the District's compliance with the requirements of the major federal programs.

Auditor's Responsibilities for the Audit of Compliance (Continued)

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purposes of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, and each major fund of Independent School District #811, Wabasha, Minnesota, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated November 8, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rochester, Minnesota
November 8, 2023

Independent School District #811
WABASHA, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2023

Federal Grantor/Pass-through Grantor/Program Title	Federal ALN Number	Federal Expenditures	
U.S. Department of Agriculture			
Pass-through from Minnesota Department of Education:			
Child Nutrition Cluster:			
Non-Cash Assistance (Commodities):			
National School Lunch Program	10.555	$ 27,920	
Cash Assistance:			
School Breakfast Program	10.553	40,863	
National School Lunch Program	10.555	167,157	
Summer Food Service Program for Children	10.559	19,696	
Subtotal - U.S. Department of Agriculture		255,636	
U.S. Department of Treasury			
Pass-through from Minnesota Department of Education:			
Summer Preschool Program	21.027	12,370	
American Relief Funds	21.19C	1,311	
Subtotal - U.S. Department of Treasury		13,681	
U.S. Department of Education			
Pass-through from Minnesota Department of Education:			
Title I Grants to Local Educational Agencies	84.010	145,842	
Supporting Effective Instruction State Grants	84.367	19,541	
Student Support and Academic Enrichment Program	84.424	19,605	
Governor's Emergency Education Relief Fund	84.425U	537,662	***
Title V, Part A Rural Education Achievement Grants	84.358	38,718	
Elementary and Secondary School Emergency Relief Fund	84.425D	114,750	***
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	5,382	
Special Education Cluster:			
Special Education - Grants to States	84.027	27,731	
Special Education - Preschool Grants	84.173	4,865	
Subtotal - U.S. Department of Education		914,096	
Total Expenditures of Federal Awards		$ 1,183,413	

*** Major Fund

Independent School District #811
WABASHA, MINNESOTA

NOTES TO SCHEUDLE OF EXPENDITURES OF FEDERAL AWARDS

1. General

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Independent School District #811, Wabasha, Minnesota under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in assets, or cash flows of the District.

All pass-through entities listed in the Schedule use the same Assistance Listing Numbers as the federal grantors to identify these grants and have not assigned any additional identifying numbers.

2. Summary of Significant Accounting Principles

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Food Distribution

Nonmonetary assistance is reported in the schedule with the National School Lunch Program at the fair market value of the commodities received and disbursed which totaled $27,920.

4. Indirect Cost Rate

Independent School District #811 has not charged indirect costs to any of the federal programs. Therefore, the election of the 10 percent de minimis indirect cost rate is not applicable as allowed under the Uniform Guidance.

5. Subrecipients

Independent School District #811 did not have subrecipients for the fiscal year ended June 30, 2023.

INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2022

FINDINGS – FINANCIAL STATEMENT AUDIT

PRIOR YEAR REFERENCE NUMBER: 2009-01

Condition: The District does have 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 generally accepted accounting principles are included in the annual financial statements. The potential exists that a material disclosure could be omitted from the financial statements and not be prevented or detected by the District's internal controls.

CURRENT STATUS:
Reoccurred in the current year.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

No findings.

FINDINGS RELATED TO MINNESOTA LEGAL COMPLIANCE

Our audit did not disclose any matters required to be reported for Minnesota Legal Compliance in the prior year.

INDEPENDENT SCHOOL DISTRICT #2198
WABASHA, MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2023

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

1	Type of auditor's report issued:	Unmodified		
2	Internal control over financial reporting:			
	- Material weakness(es) identified?		Yes	X No
	- Significant deficiency(ies) identified?	X	Yes	None reported
3	Noncompliance material to financial statements noted?		Yes	X No

Federal Awards

1	Internal control over major federal programs:			
	- Material weakness(es) identified?		Yes	X No
	- Significant deficiency(ies) identified?		Yes	X None reported
2	Type of auditor's report issued on compliance for major federal programs:	Unmodified		
3	Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		Yes	X No

Programs Tested as a Major Program

ALN Number(s)	**Name of Federal Program or Cluster**
- 84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

Auditee qualified as low-risk auditee? Yes X No

INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
Year Ended June 30, 2023

FINDINGS – 2009-1 ANNUAL FINANCIAL REPORTING UNDER GENERALLY ACCEPTED ACCOUNTING PRINCIPALS (GAAP)

Condition:	The District does have 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 generally accepted accounting principles are included in the annual financial statements. The potential exists that a material disclosure could be omitted from the financial statements and not be prevented or detected by the District's internal controls.
Criteria:	The District should have controls in place to prevent or detect the omission of a material disclosure in the annual financial statements.
Questioned Costs:	None.
Context:	The District has informed us they will continue to rely upon the audit firm to prepare the financial statements and related footnote disclosures and will review and approve these prior to the issuance of the financial statements.
Effect:	No effect on the financial statements.
Cause:	The District 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.
Recommendation:	We recommend the District continue to evaluate their internal staff and expertise to determine if further controls over the annual financial reporting are beneficial.

Excellence in Education
Wabasha Kellogg
Home of the Falcons

Independent School District #811
2113 East Hiawatha Drive
Wabasha, MN 55981
www.wabasha-kellogg.k12.mn.us

CORRECTIVE ACTION PLAN (CAP):

The Independent School District #811 respectfully submits the following corrective action plan for the year ended June 30, 2023. Audit period: July 01, 2022 – June 30, 2023.

The finding from the schedule of prior year findings and responses is discussed below. The finding is numbered consistently with the number assigned in the schedule.

RESPONSE: FINDING 2009-1

Explanation of Disagreement with Audit Findings:
There is no disagreement with the audit findings.

Actions Planned in Response to Findings:
The bookkeeper 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 rely upon the auditors for completeness of the disclosures. However, the bookkeeper will review the notes for accuracy and compare the balances to UFARS and other District reports prior to issuance of the statements.

Official Responsible for Ensuring CAP:
Jean Feils, Bookkeeper, is the official responsible for ensuring the planned responses.

Planned Completion Date for CAP:
Not applicable as the District is willing to accept this risk at this time and will continue to evaluate the recommendation.

Plan to Monitor Completion of CAP:
Nels Onstad, Superintendent, will ensure the review by the Bookkeeper has been completed. He will do this through discussion with the Bookkeeper and reviewing the draft of the financial statements.

CURRENT STATUS: The finding recurred in 2023.

Secondary Principal	**District Office**	**Elementary Principal**
Chad Pederson	Nels Onstad	Dan Murtha
Secondary Principal	Superintendent & CE Dir.	Elementary Principal
(651) 565-3559 ext. 250	(651) 565-3559 ext. 261	(651) 565-3559 ext.210
Fax (651) 565-2769	Fax (651) 565-2769	Fax (651) 565-2769

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INDEPENDENT SCHOOL DISTRICT #811
WABASHA, MINNESOTA

COMPLIANCE TABLE

JUNE 30, 2023

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Fiscal Compliance Report - 6/30/2023

District: WABASHA-KELLOGG (811-1)

01 GENERAL FUND

	Audit	UFARS	Audit - UFARS
Total Revenue	$11,436,725	$11,436,719	$6
Total Expenditures	$11,769,108	$11,769,106	$2
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.01 Student Activities	$4,228	$4,228	$0
4.02 Scholarships	$0	$0	$0
4.03 Staff Development	$0	$0	$0
4.07 Capital Projects Levy	$0	$0	$0
4.08 Cooperative Revenue	$0	$0	$0
4.13 Funded by COP/FP	$0	$0	$0
4.14 Operating Debt	$0	$0	$0
4.16 Levy Reduction	$0	$0	$0
4.17 Taconite Building Maint	$0	$0	$0
4.24 Operating Capital	$295,859	$295,859	$0
4.26 $25 Taconite	$0	$0	$0
4.27 Disabled Accessibility	$0	$0	$0
4.28 Learning & Development	$0	$0	$0
4.34 Area Learning Center	$0	$0	$0
4.35 Contracted Alt. Programs	$0	$0	$0
4.36 State Approved Alt. Program	$0	$0	$0
4.38 Gifted & Talented	$0	$0	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.41 Basic Skills Programs	$0	$0	$0
4.48 Achievement and Integration	$0	$0	$0
4.49 Safe Schools Levy	($66,700)	($66,700)	$0
4.51 QZAB Payments	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
4.53 Unfunded Sev & Retiremt Levy	$0	$0	$0
4.59 Basic Skills Extended Time	$0	$0	$0
4.67 LTFM	($10,495)	($10,495)	$0
4.72 Medical Assistance	$76,294	$76,294	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
4.75 Title VII Impact Aid	$0	$0	$0
4.76 Payments in Lieu of Taxes	$0	$0	$0
Committed:			
4.18 Committed for Separation	$0	$0	$0
4.61 Committed Fund Balance	$0	$0	$0
Assigned:			
4.62 Assigned Fund Balance	$94,729	$94,729	$0
Unassigned:			
4.22 Unassigned Fund Balance	$713,387	$713,385	$2

02 FOOD SERVICES

	Audit	UFARS	Audit - UFARS
Total Revenue	$456,067	$456,067	$0
Total Expenditures	$464,499	$464,500	($1)
Non Spendable:			
4.60 Non Spendable Fund Balance	$9,573	$9,573	$0
Restricted / Reserved:			
4.52 OPEB Liab Not In Trust	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$76,379	$76,379	$0
Unassigned:			
4.63 Unassigned Fund Balancee	$0	$0	$0

04 COMMUNITY SERVICE

	Audit	UFARS	Audit - UFARS
Total Revenue	$477,804	$477,803	$1
Total Expenditures	$469,363	$469,362	$1
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.26 $25 Taconite	$0	$0	$0
4.31 Community Education	$605	$605	$0
4.32 E.C.F.E	$20,746	$20,746	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.44 School Readiness	$180	$180	$0
4.47 Adult Basic Education	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

06 BUILDING CONSTRUCTION

	Audit	UFARS	Audit - UFARS
Total Revenue	$701	$701	$0
Total Expenditures	$203,087	$203,086	$1
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.07 Capital Projects Levy	$0	$0	$0
4.13 Funded by COP/FP	$0	$0	$0
4.67 LTFM	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

07 DEBT SERVICE

	Audit	UFARS	Audit - UFARS
Total Revenue	$800,006	$800,007	($1)
Total Expenditures	$732,992	$732,993	($1)
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.25 Bond Refundings	$0	$0	$0
4.33 Maximum Effort Loan Aid	$0	$0	$0
4.51 QZAB Payments	$0	$0	$0
4.67 LTFM	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$156,723	$156,723	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

08 TRUST

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

18 CUSTODIAL

	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Restricted / Reserved:			
4.01 Student Activities	$0	$0	$0
4.02 Scholarships	$0	$0	$0
4.48 Achievement and Integration	$0	$0	$0
4.64 Restricted Fund Balance	$0	$0	$0

20 INTERNAL SERVICE

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

25 OPEB REVOCABLE TRUST

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

45 OPEB IRREVOCABLE TRUST

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

47 OPEB DEBT SERVICE

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