INDEPENDENT SCHOOL DISTRICT NO. 197
WEST ST. PAUL – MENDOTA HEIGHTS – EAGAN, MINNESOTA

Financial Statements and
Supplementary Information

Year Ended
June 30, 2024

LB | CARLSON
Certified Public Accountants Business Consultants

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INDEPENDENT SCHOOL DISTRICT NO. 197

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INTRODUCTORY SECTION

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INDEPENDENT SCHOOL DISTRICT NO. 197

School Board and Administration
as of June 30, 2024

SCHOOL BOARD

	Board Position
Sarah Larsen	Board Chair
Jon Vaupel	Vice Chair/Clerk
Byron Schwab	Treasurer
Tim Aune	Member
Marcus Hill	Member
Morgane Steele	Member
Randi Walz	Member

ADMINISTRATION

Peter Olson-Skog	Superintendent

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Independent School District No. 197
West St. Paul – Mendota Heights – Eagan, 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 No. 197 (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the General 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 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 to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

EMPHASIS OF MATTER

Change in Accounting Principle

As described in Note 1 of the notes to basic financial statements, in fiscal 2024, the District adopted new accounting guidance in capitalizing purchases of groups of similar assets in the current year. Our opinion is not modified with respect to this matter.

(continued)

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RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

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

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

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

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

(continued)

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 (RSI), 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 RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

SUPPLEMENTARY INFORMATION

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual fund financial statements and schedules and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table is presented for purposes of additional analysis as required by the Minnesota Department of Education, and is also not a required part of the basic financial statements of the District. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, the UFARS Compliance Table, and the Schedule of Expenditures of Federal Awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER INFORMATION

Management is responsible for the other information included in the annual report. The other information comprises the introductory and other district information sections, 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

(continued)

PRIOR YEAR COMPARATIVE INFORMATION

Malloy, Montague, Karnowski, Radosevich & Co., P.A. previously audited the District's 2023 financial statements, and expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in their report dated December 29, 2023. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,

LB Carlson, LLP

LB CARLSON, LLP
Minneapolis, Minnesota

October 9, 2025

This section of Independent School District No. 197ôs (the District) financial statements presents managementôs discussion and analysis (MD&A) of the Districtôs financial performance during the fiscal year ended June 30, 2024. Please read it in conjunction with the other components of the Districtôs financial statements.

FINANCIAL HIGHLIGHTS

- The Districtôs liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources at June 30, 2024 by $14,477,921 (net position deficit). The Districtôs total net position increased by $838,941 (excluding the change in accounting principle) during the fiscal year ended June 30, 2024.

- As described in Note 1 of the notes to basic financial statements, in fiscal 2024, the District adopted new accounting guidance in capitalizing purchases of groups of similar assets in the current year. This change increased the beginning balance in net position by $2,136,761, including increases to capital assets and the related accumulated depreciation.

- The General Fundôs total fund balance (under the governmental fund presentation) decreased $2,420,276 from the prior year, compared to a $555,695 decrease planned in the budget.

- The Capital Projects ï Building Construction Fund balance decreased by $1,575,806, as the District spent proceeds from previously issued debt.

- The Districtôs Internal Service Fund reported a decrease in net position of $1,254,090, as expenses exceeded charges to the Districtôs other funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the financial statements consists of the following parts:

- Independent Auditorôs Report;
- MD&A;
- Basic financial statements, including the government-wide financial statements, fund financial statements, and the notes to basic financial statements;
- Required supplementary information; and
- Supplementary information, consisting of combining and individual fund statements and schedules.

The following explains the two types of statements included in the basic financial statements:

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information about the District as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position includes *all* of the Districtôs assets, deferred outflows of resources, liabilities, and deferred inflows of resources, except for the fiduciary funds. All of the current yearôs revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

- Over time, increases or decreases in the District's net position are indicators of whether its financial position is improving or deteriorating, respectively.

- To assess the overall health of the District requires consideration of additional nonfinancial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, the District's activities are all shown in one category titled "governmental activities." These activities, including regular and special education instruction, transportation, administration, food services, and community education, are primarily financed with state aid and property taxes.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major funds," rather than the District as a whole. Funds (such as the Food Service Special Revenue Fund and Community Service Special Revenue Fund) that do not meet the threshold to be classified as major funds are called "nonmajor funds." Detailed financial information for nonmajor funds can be found in the supplementary information section.

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. For Minnesota schools, funds are established in accordance with Uniform Financial Accounting and Reporting Standards in accordance with statutory requirements and accounting principles generally accepted in the United States of America.

The District maintains the following kinds of funds:

Governmental Funds – The District's basic services are included in governmental funds, which generally focus on: 1) how *cash and other financial assets* 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 fund financial statements provide a detailed *short-term* view that helps to determine whether there are more or less 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 government-wide financial statements, we provide additional information (reconciliation schedules) immediately following the governmental fund financial statements that explain the relationship (or differences) between these two types of financial statement presentations.

Proprietary Funds – The District maintains one type of proprietary fund. The internal service funds are used as an accounting device to accumulate and allocate costs internally among the District's various functions. The District uses its internal service funds to account for the self-insurance activities of the District's employees' medical and dental claims. These services have been included within governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary Funds – The District is the trustee, or fiduciary, for assets that belong to other organizations or individuals. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1 is a summarized view of the Districtôs Statement of Net Position:

Table 1
Summary Statement of Net Position
as of June 30, 2024 and 2023

	2024	2023
Assets		
Current and other assets	$ 53,508,423	$ 51,506,678
Capital assets, net of depreciation/amortization	174,668,602	176,514,098
Total assets	$ 228,177,025	$ 228,020,776
Deferred outflows of resources		
Pension plan deferments	$ 13,898,001	$ 19,149,107
OPEB plan deferments	832,542	1,225,937
Total deferred outflows of resources	$ 14,730,543	$ 20,375,044
Liabilities		
Current and other liabilities	$ 11,106,020	$ 10,925,333
Long-term liabilities, including due within one year	206,263,905	215,328,342
Total liabilities	$ 217,369,925	$ 226,253,675
Deferred inflows of resources		
Property taxes levied for subsequent year	$ 33,807,746	$ 26,750,851
Lease revenue for subsequent year	769,186	769,186
Pension plan deferments	4,444,776	10,461,208
Deferred charges on refunding	155,351	621,402
OPEB plan deferments	838,505	993,121
Total deferred inflows of resources	$ 40,015,564	$ 39,595,768
Net position		
Net investment in capital assets	$ 35,764,882	$ 32,521,576
Restricted	4,749,306	4,989,566
Unrestricted	(54,992,109)	(54,964,765)
Total net position	$ (14,477,921)	$ (17,453,623)

The Districtôs financial position is the product of many factors. For example, the determination of the Districtôs net investment in capital assets involves many assumptions and estimates, such as current and accumulated depreciation/amortization amounts. A conservative versus liberal approach to depreciation/amortization estimates, as well as capitalization policies, will produce a significant difference in the calculated amounts. The other major factors in determining net position as compared to fund balances are the liabilities for long-term severance, pensions, and other post-employment benefits (OPEB), which impact the unrestricted portion of net position.

The change in unrestricted net position was due to decreases in the Districtôs General Fund balance, internal service fund net position, the change in accounting principle, and changes in the Districtôs share of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans. This also contributed to the change in deferred outflows of resources, deferred inflows of resources, and long-term liabilities. The increase in property taxes levied for subsequent year was due to an increase in the fiscal 2025 levy.

Table 2 presents a condensed version of the Statement of Activities of the District:

Table 2
Summary Statement of Activities
for the Years Ended June 30, 2024 and 2023

	2024	2023
Revenues		
Program revenues		
Charges for services	$ 3,207,657	$ 3,648,690
Operating grants and contributions	25,076,594	19,997,745
General revenues		
Property taxes	29,030,998	30,389,982
General grants and aids	50,830,119	47,733,253
Other	2,926,221	2,056,497
Total revenues	111,071,589	103,826,167
Expenses		
Administration	3,007,249	2,552,084
District support services	1,808,853	1,729,059
Elementary and secondary regular instruction	40,266,324	31,636,211
Vocational education instruction	270,254	470,113
Special education instruction	19,191,962	15,457,272
Community education instruction	87,809	65,386
Instructional support services	7,544,494	6,388,730
Pupil support services	10,766,083	9,988,053
Sites and buildings	7,631,417	8,508,580
Fiscal and other fixed cost programs	375,149	353,185
Food service	4,281,796	3,174,962
Community service	5,240,917	4,831,527
Depreciation/amortization not included in other functions	5,599,671	4,902,417
Interest and fiscal charges	4,160,670	4,428,731
Total expenses	110,232,648	94,486,310
Change in net position	838,941	9,339,857
Net position ï beginning, as previously reported	(17,453,623)	(26,793,480)
Change in accounting principle	2,136,761	ï
Net position ï beginning, as restated	(15,316,862)	(26,793,480)
Net position ï ending	$ (14,477,921)	$ (17,453,623)

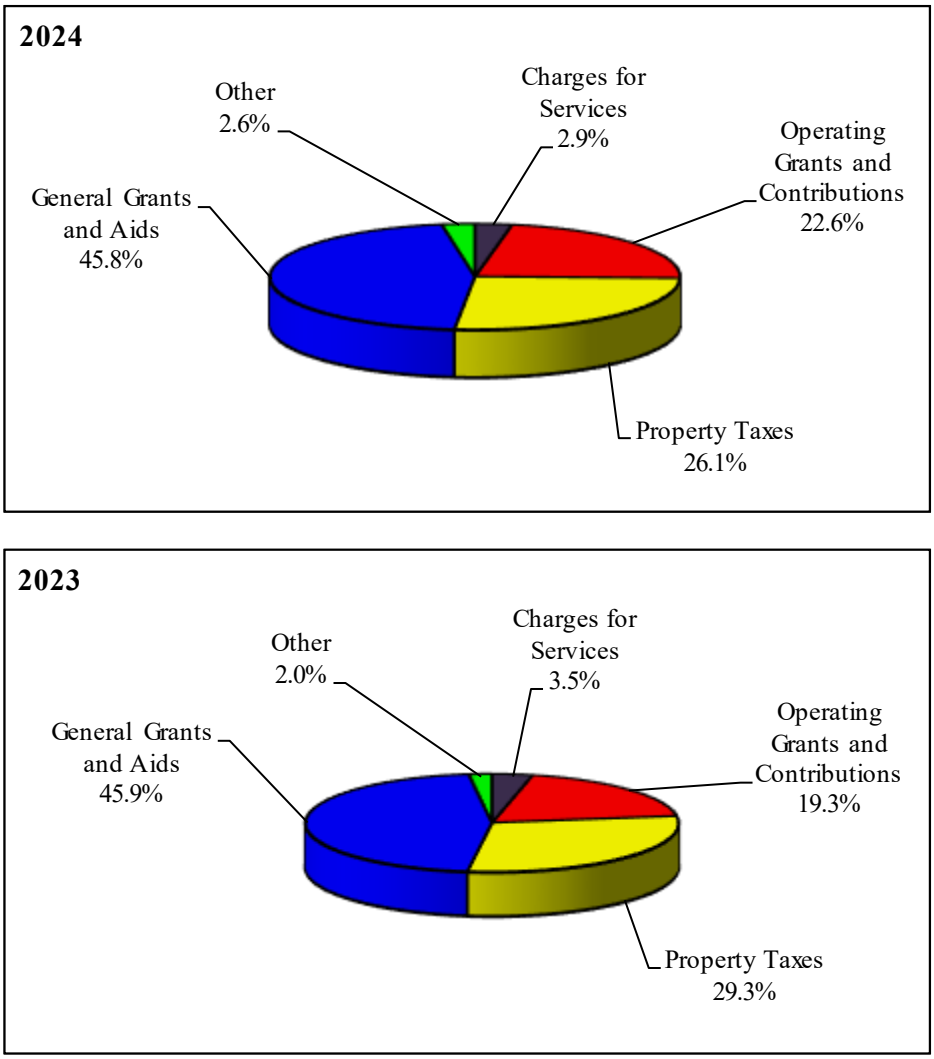
This statement is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation/amortization expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

Government-wide revenues for fiscal year 2024 were $7,245,422 higher than last year. The increase is from state aid revenues, including increases in general education, compensatory, special education, and food service aid categories. These increases are off-set by decreases in federal aid, mainly due to COVID-19-related stimulus grants that were fully spent in the prior year.

Government-wide expenses increased by $15,746,338 from the prior year. Expenses related to General Fund activity included increased salaries and related benefits of about $5,300,000, mostly in regular instruction and special education programs. Purchased services increased about $900,000, mostly for transportation. Changes in the pension expense reported by the District for its proportionate shares of the PERA and TRA state-wide pension plans increased expenses by about $7,500,000.

Figures A and B show further analysis of these revenue sources and expense functions:

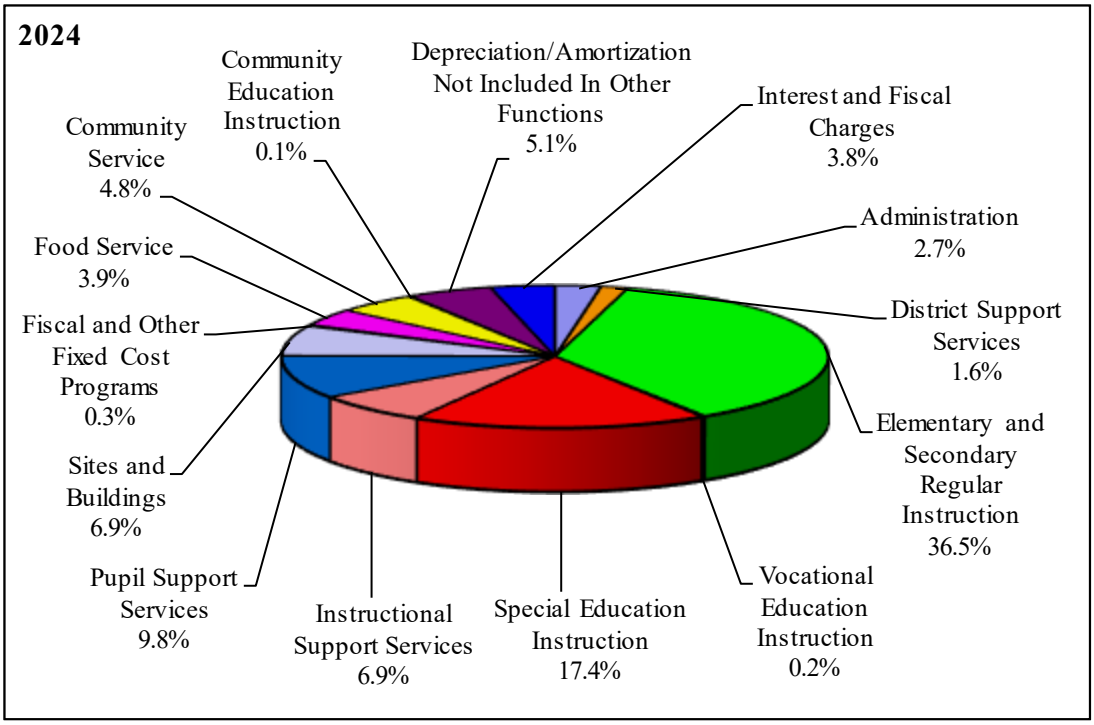
Figure A ï Sources of Revenues for Fiscal Years 2024 and 2023

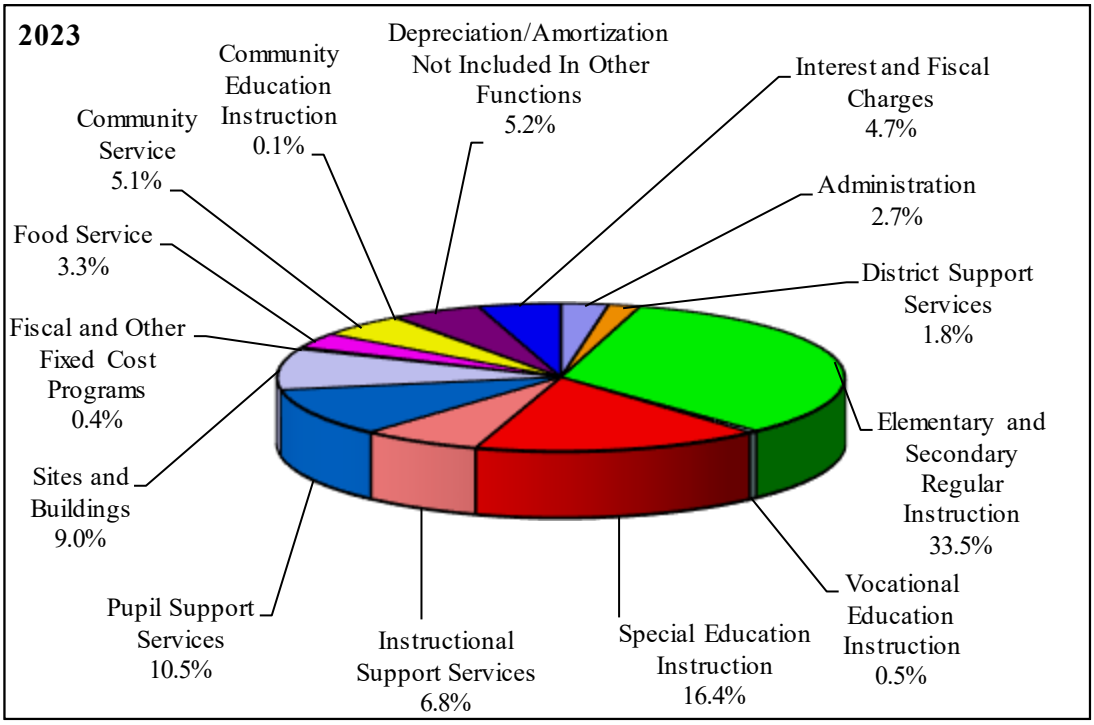


The largest share of the Districtôs revenue is received from the state, including the general education aid formula and most of the operating grants.

Property taxes are generally the next largest source of funding. The level of revenue property tax sources provide is not only dependent on district taxpayers by way of operating and building referenda, but also by decisions made by the Legislature in the mix of state aid and local effort in a variety of funding formulas.

Figure B ï Expenses for Fiscal Years 2024 and 2023





The Districtôs expenses are predominately related to educating students. Programs (or functions), such as elementary and secondary regular instruction, vocational education instruction, special education instruction, and instructional support services, are directly related to classroom instruction, while the rest of the programs support instruction and other necessary costs to operate the District.

FINANCIAL ANALYSIS OF THE DISTRICTôS FUNDS

The financial performance of the District is also reflected in its governmental funds. Table 3 shows the change in total fund balances in each of the Districtôs governmental funds:

Table 3
Governmental Fund Balances
as of June 30, 2024 and 2023

	2024	2023	Change
Major funds			
General	$ 5,894,782	$ 8,315,058	$ (2,420,276)
Capital Projects ï Building Construction	ï	1,575,806	(1,575,806)
Debt Service	1,996,077	2,419,474	(423,397)
Nonmajor funds			
Food Service Special Revenue	706,889	366,256	340,633
Community Service Special Revenue	911,190	831,027	80,163
Total governmental funds	$ 9,508,938	$ 13,507,621	$ (3,998,683)

The focus of the Districtôs governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Districtôs financing requirements. In particular, unassigned fund balance may serve as a useful measure of a governmentôs net resources available for discretionary use as they represent the portion of fund balance, which has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Districtôs School Board.

At June 30, 2024, the Districtôs governmental funds reported combined fund balances of $9,508,938, a decrease of $3,998,683, in comparison with the prior year. Approximately 21.1 percent of this amount, $2,338,739, constitutes unassigned fund balance, which is available for spending at the Districtôs discretion. The remainder of the fund balance is either nonspendable or restricted to indicate that it is: 1) not in spendable form ($535,893) or 2) restricted for particular purposes ($6,634,306).

ANALYSIS OF THE GENERAL FUND

Table 4 summarizes the amendments to the General Fund budget:

Table 4
General Fund
Budget

	Original Budget	Final Budget	Change	Percent Change
Revenue and other financing sources	$ 85,316,540	$ 86,166,540	$ 850,000	1.0%
Expenditures	$ 85,694,144	$ 86,722,235	$ 1,028,091	1.2%

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to above as the original budget. During the year, the District amended the budget for known significant changes in circumstances, such as: updated enrollment estimates, legislative changes, additional funding received from grants or other local sources, staffing changes, employee contract settlements, insurance premium changes, special education tuition changes, or for new debt issued.

Table 5 summarizes the operating results of the General Fund:

Table 5
General Fund
Operating Results

		Over (Under) Final Budget		Over (Under) Prior Year	
	2024 Actual	Amount	Percent	Amount	Percent
Revenue	$ 90,869,306	$ 4,712,766	5.5%	$ 5,808,095	6.8%
Expenditures	93,974,882	7,252,647	8.4%	$ 7,281,078	8.4%
Excess (deficiency) of revenue over expenditures	(3,105,576)	(2,539,881)			
Other financing sources (uses)	685,300	675,300	6,753.0%	$ 627,861	1,093.1%
Net change in fund balances	$ (2,420,276)	$ (1,864,581)			

The fund balance of the General Fund decreased $2,420,276, compared to a decrease of $555,695 approved in the final budget.

Revenue was over budget by $4,712,766, mainly in state sources by $2,130,612 from higher than projected general education aid. Other revenue was higher than budget by $1,403,474, mainly from conservative budgeting and an energy rebate received in the current year not anticipated in the budget.

Federal revenues were $971,480 higher than budget, mainly from spending of carryover entitlements were higher than anticipated.

Expenditures were higher than budget by $7,252,647. Salaries were over budget by $2,282,064, mainly within the special education and learning and development programs. Purchased services were over budget $1,611,280, mainly from higher than budgeted transportation costs. Other expenditures were over budget by $1,585,696, including higher than budgeted amounts for debt service, athletics, and pension-related costs. Capital expenditures were higher than budget by $846,035, mainly for a financed purchase. Supplies and material were higher than budget by $815,224, mainly within regular instructional areas and instructional support services.

Revenue was higher than the prior year by $5,808,095, mainly the result of higher state aids of $9,215,743. The increase is from state aid revenues, including increases in general education, compensatory, and special education aid. Federal revenue decreased $2,945,450 in federal aid, mainly due to COVID-19-related stimulus grants that were fully spent in the prior year.

Expenditures were $7,281,078 higher than the prior year, as salaries and benefits increased $5,295,989 in the current year. Increases were the result of increased staffing, increases in pay rates, and increases in special education programming. Increases in benefits relate to the increasing salaries, as well as increased costs of health insurance. Purchased services increased $963,102, mainly in transportation costs. Capital expenditures increased $1,118,516, mainly related to the lease issued in the current year.

Other financing sources were higher in the current year and higher than budget, the result of an issuance of a financed purchase in the current year.

ANALYSIS OF OTHER FUNDS

Food Service Special Revenue Fund ï The Food Service Special Revenue Fund ended the year with revenues exceeding expenditures, increasing fund balance by $340,633. This increase was lower than budgeted by $134,537, as expenditures exceeded budgeted amounts by about $200,000, mainly for salaries and benefits.

Revenue in the Food Service Special Revenue Fund increased $1,129,266, mainly in state sources, which increased $1,764,047. This increase was from additional program funding provided by the Minnesota Legislature. Expenditures increased $570,388, mainly for supplies and materials.

Community Service Special Revenue Fund ï The Community Service Special Revenue Fund ended the year with revenues exceeding expenditures, increasing fund balance by $80,163. This increase compares to a budget that projected a decline in fund balance of $16,784. Revenues were $5,233,660, which were over budget by $591,009. Tuition and fees were higher than budget by $380,382. Expenditures were $5,153,497, which was over budget by $494,062, mainly in purchased services.

Revenue in the Community Service Special Revenue Fund increased $167,451. The increases were mainly in tuition and fees which increased $134,411 and state sources which increased $184,120. This was offset by a decline in federal sources of $192,961. Expenditures increased $245,916, mainly for salaries and benefits.

Capital Projects ï Building Construction Fund ï The Capital Projects ï Building Construction Fund ended the year with expenditures exceeding revenues, decreasing fund balance by $1,575,806. This was mainly the result of spending down proceeds from previously issued bonds. This fund has a zero fund balance at June 30, 2024.

Debt Service Fund ï The Debt Service Fund is controlled in accordance with each outstanding debt issueôs financing plan. The restricted fund balance in this fund at June 30, 2024 is available to pay outstanding principal and interest on the general obligation bonds of the District.

Internal Service Fund ï Internal service funds are used to account for the financing of goods and services provided by one department or agency of a government to other departments or agencies on a cost-reimbursement basis. The District currently maintains one internal service fund. This fund is used to account for the Districtôs self-insured health and dental insurance functions.

Operating revenue and nonoperating revenue for the internal service fund for fiscal 2024 totaled $14,079,141, while operating expenses totaled $15,333,231. Operating expenditures increased $1,571,876, or 11.4 percent, in the current year.

The internal service fund experienced a decline in net position of $1,254,090. The net position for the internal service fund as of June 30, 2024 is $111,901.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

Table 6 shows the Districtôs capital assets, together with changes from the previous year. The table also shows the total depreciation and amortization expense for fiscal years ended June 30, 2024 and 2023:

Table 6
Capital Assets

	2024	2023	Change
Land	$ 1,098,730	$ 1,098,730	$ ï
Construction in progress	845,319	ï	845,319
Buildings and improvements	242,617,085	241,636,606	980,479
Lease buildings and improvements	7,242,910	7,242,910	ï
Furniture and equipment	18,448,187	15,558,540	2,889,647
Lease furniture and equipment	1,829,988	306,891	1,523,097
Less accumulated depreciation/amortization	(97,413,617)	(89,329,579)	(8,084,038)
Total	$ 174,668,602	$ 176,514,098	$ (1,845,496)
Depreciation/amortization expense	$ 6,967,850	$ 6,006,264	$ 961,586

The increase in capital assets was from current year purchases, financed purchases, and the implementation of the group capital asset accounting standard in the current year. The increase in accumulated depreciation/amortization is due to another full year of assets being depreciated/amortized and an increase from the implementation of the accounting standard. Depreciation/amortization increased with significant capital assets being placed in service in the prior year.

More detailed information about the Districtôs capital assets is presented in the notes to basic financial statements.

Long-Term Liabilities

Table 7 illustrates the components of the Districtôs long-term liabilities, together with the change from the prior year:

Table 7
Outstanding Long-Term Liabilities

	2024	2023	Change
General obligation bonds payable	$ 127,020,000	$ 132,160,000	$ (5,140,000)
Premium on bonds payable	4,210,277	4,819,419	(609,142)
Lease liabilities	6,096,393	6,506,602	(410,209)
Financed purchases	1,421,699	1,460,905	(39,206)
Net pension liability	60,024,337	63,039,110	(3,014,773)
Net OPEB liability	6,905,933	6,752,039	153,894
Severance benefits payable	229,766	174,823	54,943
Compensated absences payable	355,500	415,444	(59,944)
Total	$ 206,263,905	$ 215,328,342	$ (9,064,437)

The decrease in general obligation bonds payable, lease liabilities, and financed purchases in the table above are primarily due to the planned repayment schedules reflecting principal payments during fiscal year 2024. The difference in the net pension liability primarily reflects the change in the Districtôs proportionate share of the state-wide pension obligations for the PERA and the TRA pension plan liabilities. The increase in net OPEB liability is the result of a recently updated actuarial study of these obligations of the District.

More detailed information about the Districtôs long-term liabilities is presented in the notes to basic financial statements.

The state limits the amount of general obligation debt the District can issue to 15.0 percent of the market value of all taxable property within the Districtôs corporate limits (see Table 8).

Table 8
Limitations on Debt

Districtôs market value	$ 9,338,959,900
Limit rate	15.0%
Legal debt limit	$ 1,400,843,985

FACTORS BEARING ON THE DISTRICTôS FUTURE

With the exception of the voter-approved operating referendum, the District is dependent on the state of Minnesota for a majority of its revenue authority.

The general education program is the method by which school districts receive the majority of their financial support. This source of funding is primarily state aid and, as such, school districts rely heavily on the state of Minnesota for educational resources. The Legislature has added $143, or 2.00 percent, per pupil to the basic general education funding formula for fiscal year 2025.

The amount of funding a district receives is also dependent on the number of students it serves, meaning attracting and retaining students is critical to the Districtôs financial well-being.

CONTACTING THE DISTRICTôS FINANCIAL MANAGEMENT

These financial statements are designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Districtôs finances and to demonstrate the Districtôs accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Finance Department, Independent School District No. 197, 1897 Delaware Avenue, Mendota Heights, Minnesota 55118.

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BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 197

Statement of Net Position
as of June 30, 2024
(With Partial Comparative Information as of June 30, 2023)

	Governmental Activities	
	2024	2023
Assets		
Cash and temporary investments	$ 20,750,926	$ 23,352,803
Receivables		
Current taxes	18,562,962	15,445,673
Delinquent taxes	300,010	345,261
Accounts and interest	217,912	350,968
Due from fiduciary fund	961,702	515,482
Due from other governmental units	11,409,832	10,333,657
Lease	769,186	769,186
Inventory	94,462	96,359
Prepaid items	441,431	297,289
Capital assets		
Not depreciated/amortized	1,944,049	1,098,730
Depreciated, net of accumulated depreciation/amortization	172,724,553	175,415,368
Total capital assets, net	174,668,602	176,514,098
Total assets	228,177,025	228,020,776
Deferred outflows of resources		
Pension plan deferments	13,898,001	19,149,107
OPEB plan deferments	832,542	1,225,937
Total deferred outflows of resources	14,730,543	20,375,044
Total assets and deferred outflows of resources	$ 242,907,568	$ 248,395,820
Liabilities		
Salaries and compensated absences payable	$ 4,156,455	$ 3,942,054
Accounts and contracts payable	4,772,526	4,457,112
Accrued interest payable	2,002,253	2,107,780
Due to other governmental units	174,786	418,387
Long-term liabilities		
Due within one year	6,853,003	6,704,667
Due in more than one year	199,410,902	208,623,675
Total long-term liabilities	206,263,905	215,328,342
Total liabilities	217,369,925	226,253,675
Deferred inflows of resources		
Property taxes levied for subsequent year	33,807,746	26,750,851
Lease revenue for subsequent years	769,186	769,186
Pension plan deferments	4,444,776	10,461,208
Deferred charges on refunding	155,351	621,402
OPEB plan deferments	838,505	993,121
Total deferred inflows of resources	40,015,564	39,595,768
Net position		
Net investment in capital assets	35,764,882	32,521,576
Restricted for		
Capital asset acquisition	1,775,230	2,159,234
Food service	706,889	366,256
Debt service	58,972	399,237
Community service	918,804	840,389
Other purposes (state funding restrictions)	1,289,411	1,224,450
Unrestricted	(54,992,109)	(54,964,765)
Total net position	(14,477,921)	(17,453,623)
Total liabilities, deferred inflows of resources, and net position	$ 242,907,568	$ 248,395,820

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 197

Statement of Activities
Year Ended June 30, 2024
(With Partial Comparative Information for the Year Ended June 30, 2023)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	2024 Net (Expense) Revenue and Changes in Net Position: Governmental Activities	2023 Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities					
Administration	$ 3,007,249	$ ï	$ 250	$ (3,006,999)	$ (2,552,084)
District support services	1,808,853	ï	8,600	(1,800,253)	(1,671,620)
Elementary and secondary regular instruction	40,266,324	723,012	1,215,939	(38,327,373)	(30,050,913)
Vocational education instruction	270,254	4,800	ï	(265,454)	(452,357)
Special education instruction	19,191,962	ï	17,250,870	(1,941,092)	(1,252,307)
Community education instruction	87,809	ï	ï	(87,809)	(65,386)
Instructional support services	7,544,494	ï	1,465	(7,543,029)	(6,383,330)
Pupil support services	10,766,083	14,432	384,832	(10,366,819)	(9,649,837)
Sites and buildings	7,631,417	ï	ï	(7,631,417)	(8,508,580)
Fiscal and other fixed cost programs	375,149	ï	ï	(375,149)	(353,185)
Food service	4,281,796	110,632	4,521,105	349,941	339,655
Community service	5,240,917	2,354,781	1,693,533	(1,192,603)	(908,783)
Depreciation/amortization not included in other functions	5,599,671	ï	ï	(5,599,671)	(4,902,417)
Interest and fiscal charges	4,160,670	ï	ï	(4,160,670)	(4,428,731)
Total governmental activities	$ 110,232,648	$ 3,207,657	$ 25,076,594	(81,948,397)	(70,839,875)
General revenue					
Taxes					
Property taxes, levied for general purposes				18,424,754	19,853,970
Property taxes, levied for community service				1,101,696	1,098,115
Property taxes, levied for debt service				9,504,548	9,437,897
General grants and aids				50,830,119	47,733,253
Other general revenues				2,067,330	1,355,849
Investment earnings				858,891	700,648
Total general revenue				82,787,338	80,179,732
Change in net position				838,941	9,339,857
Net position ï beginning, as previously reported				(17,453,623)	(26,793,480)
Change in accounting principle				2,136,761	ï
Net position ï beginning, as restated				(15,316,862)	(26,793,480)
Net position ï ending				$ (14,477,921)	$ (17,453,623)

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 197

Balance Sheet
Governmental Funds
as of June 30, 2024
(With Partial Comparative Information as of June 30, 2023)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Assets			
Cash and temporary investments	$ 10,482,413	$ –	$ 6,943,389
Receivables			
Current taxes	12,614,706	–	5,345,348
Delinquent taxes	192,643	–	96,168
Accounts and interest	–	–	–
Due from other governmental units	11,224,693	–	56
Due from other funds	961,702	–	–
Lease	769,186	–	–
Inventory	49,971	–	–
Prepaid items	441,431	–	–
Total assets	$ 36,736,745	$ –	$ 12,384,961
Liabilities			
Salaries and compensated absences payable	$ 3,938,780	$ –	$ –
Accounts and contracts payable	3,505,505	–	–
Due to other governmental units	174,786	–	–
Total liabilities	7,619,071	–	–
Deferred inflows of resources			
Lease revenue for subsequent years	769,186	–	–
Property taxes levied for subsequent year	22,319,583	–	10,323,736
Unavailable revenue – delinquent taxes	134,123	–	65,148
Total deferred inflows of resources	23,222,892	–	10,388,884
Fund balances			
Nonspendable	491,402	–	–
Restricted	3,064,641	–	1,996,077
Assigned	–	–	–
Unassigned	2,338,739	–	–
Total fund balances	5,894,782	–	1,996,077
Total liabilities, deferred inflows of resources, and fund balances	$ 36,736,745	$ –	$ 12,384,961

Nonmajor Funds	Total Governmental Funds 2024	2023
$ 2,273,353	$ 19,699,155	$ 21,287,259
602,908	18,562,962	15,445,673
11,199	300,010	345,261
217,912	217,912	336,961
185,083	11,409,832	10,333,657
–	961,702	515,482
–	769,186	769,186
44,491	94,462	96,359
–	441,431	297,289
$ 3,334,946	$ 52,456,652	$ 49,427,127
$ 217,675	$ 4,156,455	$ 3,942,054
327,151	3,832,656	3,743,552
–	174,786	418,387
544,826	8,163,897	8,103,993
–	769,186	769,186
1,164,427	33,807,746	26,750,851
7,614	206,885	295,476
1,172,041	34,783,817	27,815,513
44,491	535,893	393,648
1,573,588	6,634,306	8,525,008
–	–	377,604
–	2,338,739	4,211,361
1,618,079	9,508,938	13,507,621
$ 3,334,946	$ 52,456,652	$ 49,427,127

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INDEPENDENT SCHOOL DISTRICT NO. 197

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of June 30, 2024
(With Partial Comparative Information as of June 30, 2023)

	2024	2023
Total fund balances – governmental funds	$ 9,508,938	$ 13,507,621
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	272,082,219	265,843,677
Accumulated depreciation/amortization	(97,413,617)	(89,329,579)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt issuance premiums are excluded from net position until amortized, but are included in fund balances upon issuance as other financing sources.		
General obligation bonds payable	(127,020,000)	(132,160,000)
Premium on bonds payable	(4,210,277)	(4,819,419)
Lease liabilities	(6,096,393)	(6,506,602)
Financed purchases	(1,421,699)	(1,460,905)
Net pension liability	(60,024,337)	(63,039,110)
Net OPEB liability	(6,905,933)	(6,752,039)
Severance benefits payable	(229,766)	(174,823)
Compensated absences payable	(355,500)	(415,444)
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.	(2,002,253)	(2,107,780)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Statement of Net Position.	111,901	1,365,991
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	13,898,001	19,149,107
Deferred outflows of resources – OPEB plan deferments	832,542	1,225,937
Deferred inflows of resources – pension plan deferments	(4,444,776)	(10,461,208)
Deferred inflows of resources – deferred charges on refunding	(155,351)	(621,402)
Deferred inflows of resources – OPEB plan deferments	(838,505)	(993,121)
Deferred inflows of resources – unavailable revenue – delinquent taxes receivable	206,885	295,476
Total net position – governmental activities	$ (14,477,921)	$ (17,453,623)

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 197

Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2024
(With Partial Comparative Information for the Year Ended June 30, 2023)

	General Fund	Capital Projects ï Building Construction Fund	Debt Service Fund
Revenue			
Local sources			
Property taxes	$ 18,489,202	$ ï	$ 9,526,943
Investment earnings	338,350	44,042	253,774
Other	2,583,974	ï	ï
State sources	66,105,403	ï	559
Federal sources	3,352,377	ï	ï
Total revenue	90,869,306	44,042	9,781,276
Expenditures			
Current			
Administration	3,126,234	ï	ï
District support services	1,734,461	ï	ï
Elementary and secondary regular instruction	41,177,854	ï	ï
Vocational education instruction	293,884	ï	ï
Special education instruction	19,500,800	ï	ï
Community education instruction	87,809	ï	ï
Instructional support services	7,905,896	ï	ï
Pupil support services	10,450,504	ï	ï
Sites and buildings	7,910,859	ï	ï
Fiscal and other fixed cost programs	375,149	ï	ï
Food service	ï	ï	ï
Community service	ï	ï	ï
Capital outlay	ï	1,619,848	ï
Debt service			
Principal	1,134,715	ï	5,140,000
Interest and fiscal charges	276,717	ï	5,064,673
Total expenditures	93,974,882	1,619,848	10,204,673
Excess (deficiency) of revenue over expenditures	(3,105,576)	(1,575,806)	(423,397)
Other financing sources			
Debt issued	685,300	ï	ï
Insurance recovery	ï	ï	ï
Total other financing sources	685,300	ï	ï
Net change in fund balances	(2,420,276)	(1,575,806)	(423,397)
Fund balances			
Beginning of year	8,315,058	1,575,806	2,419,474
End of year	$ 5,894,782	$ ï	$ 1,996,077

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds 2024	2023
$ 1,103,444	$ 29,119,589	$ 30,321,351
111,892	748,058	612,853
2,465,413	5,049,387	4,984,090
3,626,069	69,732,031	58,567,682
2,588,569	5,940,946	8,867,813
9,895,387	110,590,011	103,353,789
ï	3,126,234	3,004,498
ï	1,734,461	1,634,602
ï	41,177,854	37,946,537
ï	293,884	603,376
ï	19,500,800	17,717,039
ï	87,809	65,386
ï	7,905,896	6,894,842
ï	10,450,504	9,891,505
ï	7,910,859	6,949,695
ï	375,149	320,995
4,139,351	4,139,351	3,496,215
5,137,919	5,137,919	4,907,581
197,321	1,817,169	8,957,924
ï	6,274,715	5,636,381
ï	5,341,390	5,647,482
9,474,591	115,273,994	113,674,058
420,796	(4,683,983)	(10,320,269)
ï	685,300	ï
ï	ï	57,439
ï	685,300	57,439
420,796	(3,998,683)	(10,262,830)
1,197,283	13,507,621	23,770,451
$ 1,618,079	$ 9,508,938	$ 13,507,621

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INDEPENDENT SCHOOL DISTRICT NO. 197

Reconciliation of the Statement of
Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
Year Ended June 30, 2024
(With Partial Comparative Information for the Year Ended June 30, 2023)

	2024	2023
Total net change in fund balances ï governmental funds	$ (3,998,683)	$ (10,262,830)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation/amortization expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	2,985,593	8,227,322
Depreciation/amortization expense	(6,967,850)	(6,006,264)
A loss on disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances		
Net book value of disposed assets	ï	(36,990)
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.	(685,300)	ï
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds payable	5,140,000	4,270,000
Lease liabilities	410,209	529,847
Financed purchases	724,506	836,534
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.	105,527	143,558
Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.	609,142	609,142
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Compensated absences payable	59,944	25,408
Net pension liability	3,014,773	(28,964,384)
Severance benefits payable	(54,943)	35,176
Net OPEB liability	(153,894)	(823,133)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the Internal Service Fund is included in the governmental activities in the Statement of Activities.	(1,254,090)	(491,247)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources ï pension plan deferments	(5,251,106)	(2,039,609)
Deferred outflows of resources ï OPEB plan deferments	(393,395)	95,335
Deferred inflows of resources ï pension plan deferments	6,016,432	42,323,597
Deferred inflows of resources ï deferred charges on refunding	466,051	466,051
Deferred inflows of resources ï OPEB plan deferments	154,616	333,713
Deferred inflows of resources ï delinquent taxes receivable	(88,591)	68,631
Change in net position ï governmental activities	$ 838,941	$ 9,339,857

See notes to basic financial statements

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INDEPENDENT SCHOOL DISTRICT NO. 197

Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
Year Ended June 30, 2024

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
Revenue				
Local sources				
Property taxes	$ 18,220,352	$ 18,220,352	$ 18,489,202	$ 268,850
Investment earnings	100,000	400,000	338,350	(61,650)
Other	1,180,500	1,180,500	2,583,974	1,403,474
State sources	63,424,791	63,974,791	66,105,403	2,130,612
Federal sources	2,380,897	2,380,897	3,352,377	971,480
Total revenue	85,306,540	86,156,540	90,869,306	4,712,766
Expenditures				
Current				
Administration	3,061,975	3,070,381	3,126,234	55,853
District support services	1,534,091	1,542,209	1,734,461	192,252
Elementary and secondary regular instruction	39,044,650	39,639,017	41,177,854	1,538,837
Vocational education instruction	245,668	249,870	293,884	44,014
Special education instruction	17,163,331	17,431,607	19,500,800	2,069,193
Community education instruction	30,135	30,135	87,809	57,674
Instructional support services	6,460,544	6,507,487	7,905,896	1,398,409
Pupil support services	9,016,239	9,108,836	10,450,504	1,341,668
Sites and buildings	8,188,772	8,193,954	7,910,859	(283,095)
Fiscal and other fixed cost programs	405,000	405,000	375,149	(29,851)
Debt service				
Principal	537,899	537,899	1,134,715	596,816
Interest and fiscal charges	5,840	5,840	276,717	270,877
Total expenditures	85,694,144	86,722,235	93,974,882	7,252,647
Excess (deficiency) of revenue over expenditures	(387,604)	(565,695)	(3,105,576)	(2,539,881)
Other financing sources				
Debt issued	ï	ï	685,300	685,300
Insurance recovery	10,000	10,000	ï	(10,000)
Total other financing sources	10,000	10,000	685,300	675,300
Net change in fund balances	$ (377,604)	$ (555,695)	(2,420,276)	$ (1,864,581)
Fund balances				
Beginning of year			8,315,058	
End of year			$ 5,894,782	

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 197

Statement of Net Position
Proprietary Funds
Internal Service Fund
as of June 30, 2024
(With Partial Comparative Information as of June 30, 2023)

	2024	2023
Assets		
Current assets		
Cash and temporary investments	$ 1,051,771	$ 2,065,544
Receivables		
Accounts and interest	ï	14,007
Total current assets	1,051,771	2,079,551
Liabilities		
Current liabilities		
Claims incurred, but not reported	939,870	713,560
Net position		
Unrestricted	$ 111,901	$ 1,365,991

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 197

Statement of Revenue, Expenses, and Changes in Net Position
Proprietary Funds
Internal Service Fund
Year Ended June 30, 2024
(With Partial Comparative Information for the Year Ended June 30, 2023)

	2024	2023
Operating revenue		
Charges for services		
Contributions from governmental funds	$ 13,968,308	$ 13,182,313
Operating expenses		
Health benefit claims	14,646,130	13,138,529
Dental benefit claims	687,101	622,826
Total operating expenses	15,333,231	13,761,355
Operating income (loss)	(1,364,923)	(579,042)
Nonoperating revenue		
Investment earnings	110,833	87,795
Change in net position	(1,254,090)	(491,247)
Net position		
Beginning of year	1,365,991	1,857,238
End of year	$ 111,901	$ 1,365,991

See notes to basic financial statements

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INDEPENDENT SCHOOL DISTRICT NO. 197

Statement of Cash Flows
Proprietary Funds
Internal Service Fund
Year Ended June 30, 2024
(With Partial Comparative Information for the Year Ended June 30, 2023)

	2024	2023
Cash flows from operating activities		
Contributions from governmental funds	$ 13,982,315	$ 13,174,032
Payment for health claims	(14,411,244)	(13,132,237)
Payment for dental claims	(695,677)	(623,980)
Net cash flows from operating activities	(1,124,606)	(582,185)
Cash flows from investing activities		
Investment income received	110,833	87,795
Net change in cash and cash equivalents	(1,013,773)	(494,390)
Cash and cash equivalents		
Beginning of year	2,065,544	2,559,934
End of year	$ 1,051,771	$ 2,065,544
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	$ (1,364,923)	$ (579,042)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities		
Changes in assets and liabilities		
Accounts receivable	14,007	(8,281)
Claims incurred, but not reported	226,310	5,138
Net cash flows from operating activities	$ (1,124,606)	$ (582,185)

See notes to basic financial statements

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INDEPENDENT SCHOOL DISTRICT NO. 197

Statement of Fiduciary Net Position
Fiduciary Funds
as of June 30, 2024

	Post-Employment Benefits Trust Fund	Custodial Fund
Assets		
Cash and temporary investments	$ ï	$ 31,454
Minnesota State Board of Investment		
Non-Retirement Bond Fund	5,646,828	ï
Non-Retirement Money Market Fund	73,925	ï
Total assets	5,720,753	31,454
Liabilities		
Due to governmental funds	961,702	ï
Net position		
Restricted for other purposes	ï	31,454
Restricted for OPEB	4,759,051	ï
Total net position	$ 4,759,051	$ 31,454

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2024

	Post-Employment Benefits Trust Fund	Custodial Fund
Additions		
Contributions		
Private donations	$ ï	$ 3,476
Retiree contributions	171,070	ï
Investment earnings	201,723	657
Total additions	372,793	4,133
Deductions		
Other post-employment benefits	617,290	ï
Other deductions	ï	2,653
Total deductions	617,290	2,653
Change in net position	(244,497)	1,480
Net position		
Beginning of year	5,003,548	29,974
End of year	$ 4,759,051	$ 31,454

See notes to basic financial statements

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 197 (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District is governed by a seven-member School Board elected by voters of the District to serve four-year terms. The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

The accompanying financial statements include all funds, departments, agencies, boards, commissions, and other organizations that comprise the District, along with any component units.

Component units are legally separate entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit.

Based on these criteria, there are no organizations considered to be component units of the District.

C. Government-Wide Financial Statement Presentation

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The fiduciary funds are only reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position at the fund financial statement level. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other internally directed revenues are reported instead as general revenues.

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

The District applies restricted resources first when an expense is incurred, for which both restricted and unrestricted resources are available. For capital assets that can be specifically identified with, or allocated to functional areas, depreciation and amortization expense is included as a direct expense in the functional areas that utilize the related capital assets. For capital assets that essentially serve all functional areas, depreciation and amortization expense is reported as "depreciation/amortization not included in other functions." Interest on debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

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

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

1. **Revenue Recognition** – Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered available if collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to funding formulas established by Minnesota Statutes. Federal revenue is recorded in the year in which the related expenditure is made. Other revenue is considered available if collected within 60 days. Debt proceeds and acquisitions under leases are reported as other financing sources.

2. **Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for long-term debt and other long-term obligations, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

Internal service funds are presented in the proprietary fund financial statements. Because the principal users of the internal services are the District's governmental activities, the internal service funds are consolidated into the governmental activities column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. An internal service fund accounts for the financing of goods or services provided by one department to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The principal operating revenue of the District's internal service fund is charges to other district funds for service. Operating expenses for the internal service fund include the costs of providing services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as described earlier in these notes.

Description of Funds

The existence of the various district funds has been established by the Minnesota Department of Education. Each fund is accounted for as an independent entity. A description of the funds included in this report is as follows:

Major Governmental Funds

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects – **Building Construction Fund** – The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities and the District's long-term facilities maintenance program.

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

Nonmajor Governmental Funds

Food Service Special Revenue Fund – The Food Service Special Revenue Fund is used primarily to record financial activities of the District's child nutrition program.

Community Service Special Revenue Fund – The Community Service Special Revenue Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, adult or early childhood programs, or other similar services.

Proprietary Funds

Internal Service Funds – Internal service funds account for the financing of goods or services provided by one department to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The District's internal service fund is used to account for dental and health insurance benefits offered by the District to its employees as self-insured plans.

Fiduciary Funds

Post-Employment Benefits Trust Fund – The Post-Employment Benefits Trust Fund is used to administer resources received and held by the District as the trustee for others. The Post-Employment Benefits Trust Fund includes assets held in an irrevocable trust to fund post-employment insurance benefits of eligible employees.

Custodial Fund – The Custodial Fund is used to account for resources received and held by the District for outside organizations. This fund is used to account for gifts donated for specific purposes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgeting

Each June, the School Board adopts an annual budget for all governmental funds, except the Capital Projects – Building Construction Fund. The budget for each fund is prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. Budgeted expenditure appropriations lapse at year-end. Expenditures exceeded budgeted amounts in the General Fund by $7,252,647, the Food Service Special Revenue Fund by $224,375, and the Community Service Special Revenue Fund by $494,062.

F. Cash and Investments

Cash and temporary investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund. Earnings from investments in the Capital Projects – Building Construction Fund are allocated directly to those accounts.

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the Post-Employment Benefits Trust Fund, trust accounts are established to pay other post-employment benefits (OPEB). Interest earned on these investments is allocated directly to those accounts.

For purposes of the Statement of Cash Flows, the District considers all highly liquid debt instruments with an original maturity from the time of purchase by the District of three months or less to be cash equivalent. The proprietary fund's equity in the government-wide cash and investment management pool is considered to be cash equivalent.

Investments are generally stated at fair value, except for investments in external investment pools, which are stated at amortized cost. Short-term, highly liquid debt instruments (including commercial paper, bankers' acceptance, and U.S. treasury and agency obligations) purchased with a remaining maturity of one year or less may also be reported at amortized cost. Investment income is accrued at the Balance Sheet date.

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

See Note 2 for the District's recurring fair value measurements as of year-end.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables

All receivables are shown net of any allowance for uncollectibles. No allowances for uncollectibles have been recorded. The only receivables not expected to be fully collected within one year are lease receivable and property taxes receivable.

H. Inventories

Inventories are recorded using the consumption method of accounting and consist of purchased food, supplies, and surplus commodities received from the federal government. Food and supply purchases are recorded at invoice cost computed on a first-in, first-out basis. Surplus commodities are stated at standardized costs, as determined by the U.S. Department of Agriculture.

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as expenses/expenditures at the time of consumption.

J. Property Taxes

The majority of the District's revenue in the General Fund is determined annually by statutory funding formulas. The total revenue allowed by these formulas is allocated between property taxes and state aids by the Legislature based on education funding priorities.

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. 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 $2,043,740 of property tax levy collectible in 2024 as revenue to the District in fiscal year 2023–2024. The remaining portion of the taxes collectible in 2024 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

Property tax levies are certified to the County Auditor in December of each year for collection from taxpayers in May and October of 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 property on the following January 1. The county generally remits taxes to the District at periodic intervals as they are collected.

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 reported as a deferred inflow of resources (unavailable revenue) in the fund-based financial statements because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes is considered necessary.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded at their acquisition value at the date of donation. Lease assets are recorded based on the measurement of payments applicable to the lease term. The District maintains a threshold level of $5,000 or more for capitalizing capital assets. Groups of similar assets acquired at or near the same time for a single objective, with individual acquisition costs below $25,000, are also capitalized if cost of the assets is considered significant in the aggregate. 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 government-wide financial statements, but are not reported in the governmental fund financial statements. Capital assets are depreciated/amortized using the straight-line method over their estimated useful lives. Since assets are sold for an immaterial amount or scrapped when declared as no longer fit or needed for public school purpose by the District, no salvage value is taken into consideration for depreciation and amortization purposes. Useful lives vary from 20 to 50 years for buildings and improvements, and 5 to 20 years for furniture and equipment. Lease assets are amortized over the term of the lease or over the useful life of the applicable asset class previously described, if future ownership is anticipated.

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

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks or parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

L. Long-Term Obligations

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

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

M. Compensated Absences Payable

1. **Vacation Pay** – Under the terms of union contracts, certain employees accrue vacation at varying rates, portions of which may be carried over to future years. Employees are reimbursed for any unused, accrued vacation and related benefits upon termination. Vacation pay is accrued when incurred in the government-wide financial statements. Vacation pay is accrued in the governmental fund financial statements only when used or matured, due to employee termination or similar circumstances.

2. **Sick Pay** – Substantially all district employees are entitled to sick leave at various rates. For certain bargaining units, unused sick leave enters into the calculation of an employee's severance upon termination.

These obligations are paid by the General Fund, Food Service Special Revenue Fund, and Community Service Special Revenue Fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Severance Benefits

The District provides lump sum severance pay benefits to eligible employees in accordance with provisions in certain collectively bargained contracts. Eligibility for these benefits is based on years of service and/or minimum age requirements. Severance benefits are calculated by converting a portion of an eligible employee's unused accumulated sick leave. No individual can receive severance benefits in excess of one year's salary. Members of certain employee groups may elect to receive district matching contributions paid into tax deferred matching contribution plans. Retirement benefits for certain employee groups are paid into a post-employment tax sheltered annuity account.

Severance payable and the District's share of related benefits are recorded as a liability in the government-wide financial statements as it is earned and it becomes probable that it will vest at some point in the future. Severance pay is accrued in the governmental fund financial statements when the liability matures, due to employee termination.

O. State-Wide Pension Plans

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 the Teachers Retirement Association (TRA) and additions to/deductions from the PERA's and the TRA's fiduciary net positions have been determined on the same basis as they are reported by the PERA and the 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.

The 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 Teachers Retirement Fund Association in 2015.

P. Other Post-Employment Benefits (OPEB) Plan

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the District. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and certain investments that have a maturity at the time of purchase of one year or less, which are reported at amortized cost.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, statements of financial position or balance sheets will sometimes report separate sections for deferred outflows or inflows of resources. These separate financial statement elements represent a consumption or acquisition of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) or an inflow of financial resources (revenue) until then.

The District reports deferred outflows and inflows of resources related to pensions and OPEB in the government-wide Statement of Net Position. These deferred outflows and inflows result from differences between expected and actual experience, changes in proportion, changes of assumptions, differences between projected and actual earnings on pension and OPEB Plan investments, and contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension and OPEB standards.

The District reports deferred inflows of resources related to lease receivables, which requires lessors to recognize deferred inflows of resources to correspond to lease receivables in both the government-wide Statement of Net Position and the governmental funds Balance Sheet. These amounts are deferred and amortized in a systematic and rational manner over the term of the lease.

The District also reports deferred inflows of resources related to deferred charges on refunding in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Property taxes levied for subsequent years, which represents property taxes received or reported as a receivable before the period for which the taxes are levied, are reported as a deferred inflow of resources in both the government-wide Statement of Net Position and the governmental funds Balance Sheet. Property taxes levied for subsequent years are deferred and recognized as an inflow of resources in the government-wide financial statements in the year for which they are levied, and in the governmental fund financial statements during the year for which they are levied, if available.

Unavailable revenue from property taxes arises under a modified accrual basis of accounting and is reported only in the governmental funds Balance Sheet. Delinquent property taxes not collected within 60 days of year-end are deferred and recognized as an inflow of resources in the governmental funds in the period the amounts become available.

R. Net Position

In the government-wide, internal service, and fiduciary fund financial statements, net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is displayed in three components:

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation and amortization, reduced by any outstanding debt attributable to acquire capital assets.

- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

- **Unrestricted Net Position** – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Fund Balance Classifications

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.

- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.

- **Committed** – Consists of internally imposed constraints that are established by resolution of the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. The School Board delegated the authority to assign fund balances to the Superintendent.

- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

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

When committed, assigned, or unassigned resources are available for use, it is the District's policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

T. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the amounts reported in the financial statements during the reporting period. Actual results could differ from those estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Risk Management and Self-Insurance

General Insurance – The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the District's insurance coverage in the current year.

Self-Insurance – The District has established an internal service fund to account for and finance its self-insured risk of loss for respective employee dental and health insurance plans. Under these plans, the internal service fund provides coverage to participating employees and their dependents for various dental and healthcare costs as described in the plans.

The District makes premium payments that include both employer and employee contributions to the internal service funds on behalf of program participants based on rates determined by insurance company estimates of monthly claims paid for each coverage class, plus the stop-loss health insurance premium costs and administrative service charges.

District claim liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported. Because actual claim liabilities depend on complex factors, such as inflation, changes in legal doctrines, and damage awards, the process used in computing a claim liability does not necessarily result in an exact amount. Claim liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Changes in the balance of dental claim liabilities for the last two years were as follows:

Year Ended June 30,	Claim Liability – Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claim Liability – End of Year
2023	$ 25,297	$ 622,826	$ 623,980	$ 24,143
2024	$ 24,143	$ 687,101	$ 695,677	$ 15,567

Changes in the balance of health claim liabilities for the last two years were as follows:

Year Ended June 30,	Claim Liability – Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claim Liability – End of Year
2023	$ 683,125	$ 13,138,529	$ 13,132,237	$ 689,417
2024	$ 689,417	$ 14,646,130	$ 14,411,244	$ 924,303

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total, but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2023, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

W. Change in Accounting Principle

During the year ended June 30, 2024, the District implemented new accounting guidance for capitalizing purchases of groups of similar assets. This recent change in authoritative literature, which provides new guidance on the accounting and financial reporting for capital assets, requires a government to capitalize groups of similar assets purchased at or near the same time, that are individually below the District's capitalization threshold, if the aggregate cost is significant. In prior periods, the District only capitalized assets when individual cost exceeded its capitalization policy threshold. Certain amounts necessary to fully restate fiscal year 2023 financial information are not determinable; therefore, prior year comparative amounts have not been restated. The implementation of this new guidance resulted in the District reporting certain groups of similar capital assets acquired in previous years and accumulated depreciation thereon, increasing beginning net position by $2,136,761 in the government-wide financial statements in the current year. See Note 3 for additional details on this change in the current year.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

In accordance with applicable Minnesota Statutes, the District maintains deposits at depository banks authorized by the School Board, including checking accounts, savings accounts, and nonnegotiable certificates of deposit.

The following is considered the most significant risk associated with deposits:

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may be lost.

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The District's deposit policies do not further limit depository choices.

At year-end, the carrying amount of the District's deposits was $75,374 and the balance on the bank records was $61,104. At June 30, 2024, all deposits were insured or collateralized by securities held by the District's agent in the District's name.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

Investments are subject to various risks, the following of which are considered the most significant:

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer), the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Although the District's investment policies do not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the District's investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that 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 13 months or less; general obligations rated "A" or better; revenue obligations rated "AA" or better; general obligations of the Minnesota Housing Finance Agency rated "A" or better; bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment 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; 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; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers. The District's investment policies do not further restrict investing in specific financial instruments.

Post-Employment Benefits Trust Fund – This fund represents investments administered by the District's Post-Employment Benefits Trust Fund investment managers. The District's investment policy, discussed previously, extends to the Post-Employment Benefits Trust Fund investments.

Minnesota Statutes authorize the Post-Employment Benefits Trust Fund to invest in obligations of the U.S. treasury, agencies, and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the state of Minnesota or its municipalities, bankers' acceptances, future contracts, corporate bonds, common stock and foreign stock of the highest quality, mutual funds, repurchase and reverse agreements, and commercial paper of the highest quality with a maturity no longer than 270 days and in the Minnesota State Board of Investment. Investments are stated at amortized cost methods that approximate fair value.

Concentration Risk – This is the risk associated with investing a significant portion of the District's investments (considered 5.0 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District's investment policy does not address concentration risk.

Interest Rate Risk – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The District's investment policies do not limit the maturities of investments; however, when purchasing investments, the District considers such things as interest rates and cash flow needs.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

The following table presents the District's deposit and investment balances at June 30, 2024, and information relating to potential investment risks:

Investment/Deposit	Credit Risk: Credit Rating	Credit Risk: Rating Agency	Fair Value Measurements Using	Interest Rate Risk – Maturity Duration in Years	Total
Investment pools/mutual funds					
Minnesota School District Liquid Asset Fund (MSDLAF)					
Liquid Class	AAA	S&P	Amortized cost	N/A	$ 12,241,364
MAX Class	AAA	S&P	Amortized cost	N/A	8,202,824
Minnesota State Board of Investment					
Non-Retirement Bond Fund	N/R	N/A	Amortized cost	N/A	5,646,828
Non-Retirement Money Market Fund	N/R	N/A	Amortized cost	N/A	73,925
MNTrust Full Flex	N/R	N/A	Amortized cost	N/A	2,039
MNTrust Investment Shares Portfolio	AAA	S&P	Amortized cost	N/A	260,779
Total investments					26,427,759
Deposits					75,374
Total cash and investments					$ 26,503,133

N/A – Not Applicable
N/R – Not Rated

Cash and investments are included on the basic financial statements as follows:

Statement of Net Position	
Cash and temporary investments	$ 20,750,926
Statement of Fiduciary Net Position	
Cash and temporary investments – Post-Employment Benefits Trust Fund	5,720,753
Cash and temporary investments – Custodial Fund	31,454
Total cash and investments	$ 26,503,133

The amount in investment pools/mutual funds includes amounts invested in the MNTrust Investment Shares Portfolio (MNTrust), MNTrust Full Flex, the Minnesota School District Liquid Asset Fund (MSDLAF), and the Minnesota State Board of Investment Funds, which are external investment pools regulated by Minnesota Statutes not registered with the Securities and Exchange Commission. The District's investments in these investment pools are measured at the net asset value per share provided by the pools, which are based on amortized cost methods that approximate fair value.

There are no restrictions or limitations on withdrawals from the MSDLAF Liquid Class or the Minnesota State Board of Investment. Investments in the MSDLAF MAX Class must be deposited for a minimum of 14 calendar days with the exception of direct investments of funds distributed by the state of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty and there is a 24-hour hold on all requests for redemptions. Investments in the MNTrust Full Flex investments can be withdrawn weekly with one day's advance notice.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

The District's investment policy allows the District to invest within the various accounts of the Supplemental Investment Fund, as administered by the Minnesota State Board of Investment. Investments held in the external investment pools of the Supplemental Investment Fund are presented in the table on the previous page and in the Post-Employment Benefits Trust Fund in the Statement of Fiduciary Net Position.

NOTE 3 – LEASE RECEIVABLE

The District has entered into a lease receivable agreement for cell tower rental space on district property. The lease is reported using an incremental rate of 3.72 percent with a final maturity in fiscal 2052. During the current year, the District received principal and interest payments on this lease of $35,400.

NOTE 4 – CAPITAL ASSETS

Capital assets and accumulated depreciation and amortization activity for the year ended June 30, 2024 is as follows:

	Balance – Beginning of Year	Change in Accounting Principle *	Beginning Balance, Restated	Additions	Deletions	Balance – End of Year
Capital assets, not depreciated/amortized						
Land	$ 1,098,730	$ –	$ 1,098,730	$ –	$ –	$ 1,098,730
Construction in progress	–	–	–	845,319	–	845,319
Total capital assets, not depreciated/amortized	1,098,730	–	1,098,730	845,319	–	1,944,049
Capital assets, depreciated/amortized						
Buildings and improvements	241,636,606	–	241,636,606	980,479	–	242,617,085
Lease buildings and improvements	7,242,910	–	7,242,910	–	–	7,242,910
Furniture and equipment	15,865,431	3,252,949	19,118,380	1,159,795	–	20,278,175
Total capital assets, depreciated/amortized	264,744,947	3,252,949	267,997,896	2,140,274	–	270,138,170
Less accumulated depreciation/amortization for						
Buildings and improvements	(76,972,740)	–	(76,972,740)	(5,165,001)	–	(82,137,741)
Lease buildings and improvements	(1,054,288)	–	(1,054,288)	(527,144)	–	(1,581,432)
Furniture and equipment	(11,302,551)	(1,116,188)	(12,418,739)	(1,275,705)	–	(13,694,444)
Total accumulated depreciation/amortization	(89,329,579)	(1,116,188)	(90,445,767)	(6,967,850)	–	(97,413,617)
Net capital assets, depreciated/amortized	175,415,368	2,136,761	177,552,129	(4,827,576)	–	172,724,553
Total capital assets, net	$ 176,514,098	$ 2,136,761	$ 178,650,859	$ (3,982,257)	$ –	$ 174,668,602

* The change in accounting principle was required by new guidance in financial reporting on group purchases of assets implemented in the current year.

Depreciation and amortization expense for the year ended June 30, 2024 was charged to the following governmental functions:

Administration	$ 5,546
District support services	14,645
Elementary and secondary regular instruction	609,049
Vocational education instruction	3,129
Instructional support services	368,668
Pupil support services	321,401
Food service	45,741
Depreciation/amortization not included in other functions	5,599,671
Total depreciation/amortization expense	$ 6,967,850

NOTE 5 – LONG-TERM LIABILITIES

A. General Obligation Bonds Payable

The District currently has the following general obligation bonds payable outstanding:

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
2015 Building Bonds	02/12/2015	2.00%	$ 3,275,000	02/01/2025	$ 660,000
2018 School Building Bonds	07/12/2018	2.00–5.00%	$ 155,760,000	02/01/2041	113,520,000
2021 Refunding Bonds	11/04/2021	5.00%	$ 9,640,000	02/01/2025	3,405,000
2022 Facilities Maintenance Bonds	03/03/2022	4.00%	$ 9,995,000	02/01/2037	9,435,000
Total general obligation bonds payable					$ 127,020,000

General Obligation School Building, Refunding Bonds, and Facilities Maintenance – These bonds were issued to finance acquisition and/or construction of capital facilities, refinance (refund) previous bond issues, or facilities maintenance. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated for the retirement of these bonds. The annual future debt service levies authorized are equal to 105 percent of the principal and interest due each year. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

B. Financed Purchases Payable

The District is obligated under financed purchase agreements for technology equipment. The agreements call for periodic principal and interest payments through July 2028 and are being paid through the General Fund. The District currently has the following financed purchase agreements outstanding:

Financed Purchases Description	Interest Rate	Issue Date	Final Maturity	Principal Outstanding
Computers	1.92%	12/05/2019	07/15/2024	$ 153,825
Computers	3.17%	01/19/2021	07/09/2024	160,559
Computers	3.17%	12/20/2021	07/01/2025	422,015
Computers	0.00%	01/10/2024	07/01/2028	685,300
Total financed purchases payable				$ 1,421,699

If the District fails to make the specified rental payments or otherwise defaults on these agreements, the debtor may 1) enter the property and take possession without such possession and the rent due under this agreement, 2) exclude the District from possession of the property and attempt to sell or again lease the property, holding the District responsible for the rent due under this agreement until the property is sold or leased again, or 3) take legal action to force performance under the terms of the agreement.

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

C. Lease Liabilities

The District has obtained the use of certain equipment and building space through lease financing agreements. The total amount of underlying lease assets by major classes and the related accumulated amortization is presented in Note 4 of the notes to basic financial statements. Annual principal and interest on these agreements will be paid from the General Fund. The agreements are secured by the original property. The lessor also may repossess the property and seek full recovery of the losses upon default. The District currently has the following lease liability obligations outstanding:

Lease Description	Interest Rate	Lease Date	Final Maturity	Principal Outstanding
ALC	3.36%	09/01/2017	08/01/2027	$ 685,525
ELC	3.72%	02/18/2015	12/01/2037	5,410,868
Total lease liability				$ 6,096,393

D. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including severance benefits, pension benefits, OPEB, and compensated absences. The details of these various benefit liabilities are discussed elsewhere in these notes. Such benefits are paid from the General Fund, Food Service Special Revenue Fund, and Community Service Special Revenue Fund. The District has also established a Post-Employment Benefits Trust Fund to finance OPEB obligations.

District employees participate in two defined benefit pension plans, including two state-wide, cost-sharing, multiple-employer plans administered by the PERA and the TRA. The following is a summary of the net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended June 30, 2024:

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
State-wide, multiple-employer – PERA	$ 10,098,950	$ 3,219,078	$ 3,513,777	$ 1,544,799
State-wide, multiple-employer – TRA	49,925,387	10,678,923	930,999	(94,040)
Total	$ 60,024,337	$ 13,898,001	$ 4,444,776	$ 1,450,759

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

E. Minimum Debt Payments

Minimum annual principal and interest payments to maturity for general obligation bonds, lease liabilities, and financed purchases are as follows:

Year Ending June 30,	General Obligation Bonds		Lease Liabilities		Financed Purchases	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 5,375,000	$ 4,826,623	$ 444,320	$ 217,153	$ 659,112	$ 21,685
2026	5,815,000	4,583,523	479,943	200,767	351,407	6,894
2027	6,090,000	4,298,823	517,137	183,083	137,060	–
2028	6,390,000	4,000,623	348,380	166,648	137,060	–
2029	6,645,000	3,745,023	332,694	154,589	137,060	–
2030–2034	36,800,000	15,146,863	2,064,125	561,223	–	–
2035–2039	41,945,000	8,271,478	1,909,794	131,888	–	–
2040–2041	17,960,000	1,084,600	–	–	–	–
	$ 127,020,000	$ 45,957,556	$ 6,096,393	$ 1,615,351	$ 1,421,699	$ 28,579

F. Changes in Long-Term Liabilities

	June 30, 2023	Additions	Retirements	June 30, 2024	Due Within One Year
General obligation bonds payable	$ 132,160,000	$ –	$ 5,140,000	$ 127,020,000	$ 5,375,000
Premium on bonds payable	4,819,419	–	609,142	4,210,277	–
Lease liabilities	6,506,602	–	410,209	6,096,393	444,320
Financed purchases	1,460,905	685,300	724,506	1,421,699	659,112
Net pension liability	63,039,110	9,234,814	12,249,587	60,024,337	–
Net OPEB liability	6,752,039	994,902	841,008	6,905,933	–
Severance benefits payable	174,823	74,766	19,823	229,766	19,071
Compensated absences payable	415,444	355,500	415,444	355,500	355,500
	$ 215,328,342	$ 11,345,282	$ 20,409,719	$ 206,263,905	$ 6,853,003

NOTE 6 – FUND BALANCES

The following is a breakdown of equity components of governmental funds, which are defined earlier in the report. Any such restrictions, which have an accumulated deficit rather than a positive balance at June 30, are included in unassigned fund balance in the District's financial statements in accordance with accounting principles generally accepted in the United States of America. However, a description of these deficit balance restrictions is included herein since the District has specific authority to future resources for such deficits.

A. Classifications

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable					
Inventory	$ 49,971	$ –	$ –	$ 44,491	$ 94,462
Prepaid items	441,431	–	–	–	441,431
Total nonspendable	491,402	–	–	44,491	535,893
Restricted					
Student activities	164,157	–	–	–	164,157
Staff development	271,019	–	–	–	271,019
Restricted for library incentive aid	260,361	–	–	–	260,361
Operating capital	84,577	–	–	–	84,577
Restricted for school library aid	86,666	–	–	–	86,666
Medical Assistance	507,208	–	–	–	507,208
Long-term facilities maintenance	1,690,653	–	–	–	1,690,653
General debt service	–	–	1,996,077	–	1,996,077
Food service	–	–	–	662,398	662,398
Early childhood family education	–	–	–	58,352	58,352
School readiness	–	–	–	12,830	12,830
Community education	–	–	–	99,420	99,420
Community service programs	–	–	–	740,588	740,588
Total restricted	3,064,641	–	1,996,077	1,573,588	6,634,306
Unassigned	2,338,739	–	–	–	2,338,739
Total	$ 5,894,782	$ –	$ 1,996,077	$ 1,618,079	$ 9,508,938

B. Minimum Unrestricted Fund Balance Policy

The School Board has formally adopted a fund balance policy that states the School Board will maintain an unrestricted fund balance (all fund balances unless restricted) as of June 30 each year at a minimum of 8.0 percent of the District's General Fund operating expenditure budget. At June 30, 2024, the unrestricted fund balance as a percentage of current year expenditures (excluding capital-related expenditures) is 3.4 percent.

When the unrestricted (all fund balances unless restricted) fund balance is projected to decrease below 8.0 percent of the General Fund operating expenditures budget, the District shall initiate one or more of the following measures to ensure that the year-end General Fund unrestricted fund balance for the budget year in question does not fall below 8.0 percent:

1. Reduce expenditures through implementation of cost-containment measures.
2. Seek opportunities to increase revenue.
3. Develop and initiate a plan to achieve an 8.0 percent unrestricted fund balance over a designated period of time.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

The PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

Certain full-time and part-time employees of the District other than teachers are covered by the GERF. GERF members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Teachers Retirement Association (TRA)

The 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. The TRA is a separate statutory entity, administered by a Board of Trustees. The Board of Trustees consists of four active members, one retired member, and three statutory officials.

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

B. Benefits Provided

The PERA and the TRA provide retirement, disability, and death benefits. Benefit provisions are established by state statutes and can only be modified by the State Legislature.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. 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.

1. GERF Benefits

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 the PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated Plan 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 Plan 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 age 66.

Benefit increases are provided to benefit recipients each January. The post-retirement increase is equal to 50.0 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.0 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. For recipients receiving the annuity or benefit for at least one month, but less than a full year as of the June 30 before the effective date of the increase, will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

2. TRA Benefits

The 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 Statutes 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 the TRA's Coordinated and Basic Plan members. Members first employed before July 1, 1989, receive the greater of the Tier I or Tier II benefits as described.

Tier I Benefits

Step-Rate Formula	Percentage per Year
Basic Plan	
First 10 years of service	2.2 %
All years after	2.7 %
Coordinated Plan	
First 10 years if service years are up to July 1, 2006	1.2 %
First 10 years if service years are July 1, 2006 or after	1.4 %
All other years of service if service years are up to July 1, 2006	1.7 %
All other years of service if service years are July 1, 2006 or after	1.9 %

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) Three 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).

Tier II Benefits

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

Members first employed after June 30, 1989, receive only the Tier II 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 eligible for a refund of their employee contributions plus interest.

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

C. Contributions

Minnesota Statutes set the rates for employer and employee contributions. Contribution rates can only be modified by the State Legislature.

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employee and employer contributions. Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024 and the District was required to contribute 7.50 percent for Coordinated Plan members. The District's contributions to the GERF for the year ended June 30, 2024, were $1,108,229. The District's contributions were equal to the required contributions as set by state statutes.

2. TRA Contributions

Minnesota Statutes, Chapter 354 sets the rates for employer and employee contributions. Rates for each fiscal year were:

	Year Ended June 30,					
	2022		2023		2024	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic Plan	11.00 %	12.34 %	11.00 %	12.55 %	11.25 %	12.75 %
Coordinated Plan	7.50 %	8.34 %	7.50 %	8.55 %	7.75 %	8.75 %

The District's contributions to the TRA for the plan's fiscal year ended June 30, 2024, were $3,655,181. The District's contributions were equal to the required contributions for each year as set by state statutes.

The following is a reconciliation of employer contributions in the TRA's fiscal year 2023 Annual Comprehensive Financial Report Statement of Changes in Fiduciary Net Position to the employer contributions used in the Schedule of Employer and Nonemployer Pension Allocations:

		in thousands
Employer contributions reported in the TRA's Annual Comprehensive Financial Report Statement of Changes in Fiduciary Net Position	$	508,764
Add employer contributions not related to future contribution efforts		(87)
Deduct the TRA's contributions not included in allocation		(643)
Total employer contributions		508,034
Total nonemployer contributions		35,587
Total contributions reported in the Schedule of Employer and Nonemployer Allocations	$	543,621

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. The TRA has rounded percentage amounts to the nearest ten thousandths.

D. Pension Costs

1. GERF Pension Costs

At June 30, 2024, the District reported a liability of $10,098,950 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of $16 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the District totaled $278,425. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of the PERA's participating employers. The District's proportionate share was 0.1806 percent at the end of the measurement period and 0.1874 percent for the beginning of the period.

District's proportionate share of the net pension liability	$	10,098,950
State's proportionate share of the net pension liability associated with the District	$	278,425

For the year ended June 30, 2024, the District recognized pension expense of $1,543,548 for its proportionate share of the GERF's pension expense. The District also recognized an additional $1,251 as pension expense and grant revenue for its proportionate share of the state of Minnesota's pension expense for the annual $16 million contribution.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 334,653	$ 69,762
Changes in actuarial assumptions	1,641,678	2,768,036
Net collective difference between projected and actual investment earnings on pension plan investments	–	237,584
Changes in proportion	134,518	438,395
District's contributions to the GERF subsequent to the measurement date	1,108,229	–
Total	$ 3,219,078	$ 3,513,777

The $1,108,229 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 ending June 30, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2025	$ 200,875
2026	$ (1,534,579)
2027	$ 149,855
2028	$ (219,079)

2. TRA Pension Costs

At June 30, 2024, the District reported a liability of $49,925,387 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the 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 0.6047 percent at the end of the measurement period and 0.6019 percent for the beginning of the period.

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

District's proportionate share of the net pension liability	$ 49,925,387
State's proportionate share of the net pension liability associated with the District	3,497,428

For the year ended June 30, 2024, the District recognized pension expense of negative $586,505. It also recognized $492,465 as an increase to pension expense for the support provided by direct aid.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 487,666	$ 724,041
Changes in actuarial assumptions	5,788,914	–
Net collective difference between projected and actual investment earnings on pension plan investments	–	206,958
Changes in proportion	747,162	–
District's contributions to the TRA subsequent to the measurement date	3,655,181	–
Total	$ 10,678,923	$ 930,999

A total of $3,655,181 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2025	$ 925,265
2026	$ 2,113
2027	$ 5,793,887
2028	$ (574,514)
2029	$ (54,008)

E. Long-Term Expected Return on Investment

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

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

Asset Class	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	100.00 %	

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

F. Actuarial Methods and Assumptions

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

Assumptions	GERF	TRA
Inflation	2.25%	2.50%
Wage growth rate		2.85% before July 1, 2028, and 3.25% thereafter
Projected salary increase	3.00%	2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% thereafter
Investment rate of return	7.00%	7.00%

1. GERF

The long-term rate of return on pension plan investments used in the determination of the total liability is 7.00 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.00 percent was deemed to be within that range of reasonableness for financial reporting purposes.

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

Salary growth assumptions in the GERF Plan range in annual increments from 10.25 percent after one year of service to 3.00 percent after 27 years of service.

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

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

2. TRA

Salary increases were based on a service-related table.

Mortality Assumptions Used in Valuation of Total Pension Liability	
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 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 Mortality Table, without adjustment.

Cost of living benefit increases after retirement for retirees are assumed to be 1.00 percent for January 2019 through January 2023, then increasing by 0.10 percent each year, up to 1.50 percent annually.

Actuarial assumptions for the TRA Plan were based on the results of actuarial experience studies. The most recent experience study in the TRA Plan was completed in 2019, with economic assumptions updated in 2019.

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

1. GERF

CHANGES IN PLAN PROVISIONS

- An additional one-time direct state aid contribution of $170.1 million will be contributed to the Plan in October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, noncompounding benefit increase of 2.50 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

CHANGES IN ACTUARIAL ASSUMPTIONS

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

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

- The normal retirement age for active and eligible Tier II members will be 65 effective July 1, 2024.
- The employer contribution rate will increase from 8.75 percent to 9.50 percent on July 1, 2025.
- The employee contribution rate will increase from 7.75 percent to 8.00 percent on July 1, 2025.
- The pension adjustment rate for school districts and the base budgets for MnSCU, Perpich Center for Arts Education, and Minnesota academies will increase to reflect the 0.75 percent employer contribution rate increase.

G. Discount Rate

1. GERF

The discount rate used to measure the total pension liability in 2023 was 7.00 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 GERF 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

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 2023 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

H. Pension Liability Sensitivity

The following table 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 page, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
GERF discount rate	6.00%	7.00%	8.00%
District's proportionate share of the GERF net pension liability	$ 17,865,853	$ 10,098,950	$ 3,710,376
TRA discount rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	$ 79,627,319	$ 49,925,387	$ 25,610,738

I. Pension Plan Fiduciary Net Position

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

Detailed information about the plan's fiduciary net position is available in a separately-issued TRA financial report. That report can be obtained at https://minnesotatra.org, by writing to the TRA at 60 Empire Drive, Suite 400, St. Paul, MN, 55103-4000; or by calling 651-296-2409 or 800-657-3669.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

The District provides post-employment benefits to certain eligible employees through its OPEB Plan, a single-employer defined benefit plan administered by the District. All post-employment benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements.

The District administers a defined benefit Post-Employment Benefits Trust Fund. The assets of the plan are reported in the District's financial report in the Post-Employment Benefits Trust Fund. The plan assets may be used only for the payment of benefits of the plan, in accordance with the terms of the plan. The plan does not issue a publicly available financial report.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

B. Benefits Provided

All retirees of the District have the option under state law to continue their medical insurance coverage through the District from the time of retirement until the employee reaches the age of eligibility for Medicare. For members of certain employee groups, the District pays for all or part of the eligible retiree's premiums for medical and/or dental insurance. Benefits paid by the District differ by bargaining unit and date of hire, with some contracts specifying a certain dollar amount per month, and some covering premium costs as defined within each collective bargaining agreement. Retirees not eligible for these district-paid premium benefits must pay the full district premium rate for their coverage.

The District is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees, whether the premiums are paid by the District or the retiree. Consequently, participating retirees are considered to receive a secondary benefit known as an "implicit rate subsidy." This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the District's younger and statistically healthier active employees.

C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District made contributions to the plan totaling $602,229 in the current year.

D. Membership

Membership in the plan consisted of the following as of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	65
Active plan members	884
Total members	949

E. Net OPEB Liability of the District

The District's net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2022. Procedures were used to roll forward the total OPEB liability to the measurement date since the actuarial valuation date is not the same as the measurement date. The components of the net OPEB liability of the District at year-end were as follows:

Total OPEB liability	$ 11,664,984
Plan fiduciary net position	(4,759,051)
District's net OPEB liability	$ 6,905,933
Plan fiduciary net position as a percentage of the total OPEB liability	40.8%

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

F. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2022 with a measurement date of June 30, 2024, using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	4.20%
Expected long-term investment return	4.50% (net of investment expenses)
20-year municipal bond yield	4.10%
Inflation rate	2.50%
Salary increases	Service graded table
Medical trend rate	6.25% grading to 5.00% over 5 years and then to 4.00% over the next 48 years
Dental trend rate	4.00%

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

The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

The District's policy in regard to the allocation of invested assets is established and may be amended by the School Board by a majority vote of its members. It is the policy of the School Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes allowable under state statutes.

The long-term expected rate of return on OPEB Plan investments was set based on the plan's target investment allocation described below, along with long-term return expectations by asset class. When there is sufficient historical evidence of market outperformance, historical average returns may be considered.

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Cash	2.00 %	3.00 %
Fixed income	98.00	4.50 %
Total	100.00 %	4.50 %

G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 4.0 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 8 ï OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

H. Discount Rate

The discount rate used to measure the total OPEB liability was 4.20 percent. The projection of cash flows used to determine the discount rate was determined by projecting forward the fiduciary net position (assets) as of the valuation date, increasing by the investment return assumption, and reducing by benefit payments in each period until assets are exhausted. Expected benefit payments by year were discounted using the expected asset return assumptions for the years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate. The contribution and benefit payment history, as well as the funding policy have also been taken into account. The District discount rate used in the prior measurement date was 3.90 percent.

I. Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a-b)
Beginning balance ï July 1, 2023	$ 11,755,587	$ 5,003,548	$ 6,752,039
Changes for the year			
Service cost	628,688	ï	628,688
Interest	462,738	ï	462,738
Assumption changes	(169,237)	ï	(169,237)
Contributions ï district and member	ï	602,229	(602,229)
Differences between expected and actual experience	35,657	ï	35,657
Net investment income	ï	201,723	(201,723)
Benefit payments ï paid through trust	(617,290)	(617,290)	ï
Benefit payments ï district and member-financed	(431,159)	(431,159)	ï
Total net changes	(90,603)	(244,497)	153,894
Ending balance ï June 30, 2024	$ 11,664,984	$ 4,759,051	$ 6,905,933

Assumption changes since the prior measurement date include the following:

- The discount rate was changed from 3.90 percent to 4.20 percent.
- The expected long-term investment return was changed from 3.00 percent to 4.50 percent.

NOTE 8 ï OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

J. Net OPEB Liability Sensitivity to Discount and Healthcare Cost Trend Rate Changes

The following presents the net OPEB liability of the District, as well as what the Districtôs 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:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
OPEB discount rate	3.20%	4.20%	5.20%
Net OPEB liability	$ 7,472,311	$ 6,905,933	$ 6,348,630

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

	1% Decrease in Healthcare Cost Trend Rate	Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
OPEB medical trend rate	5.25% decreasing to 4.00% then 3.00%	6.25% decreasing to 5.00% then 4.00%	7.25% decreasing to 6.00% then 5.00%
Net OPEB liability	$ 5,940,382	$ 6,905,933	$ 8,017,243

K. OPEB Expense and Related Deferred Outflows of Resources and Deferred Inflows of Resources

For the current year ended, the District recognized OPEB expense of $994,902. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 134,105	$ 267,802
Changes in actuarial assumptions	129,058	570,703
Difference between projected and actual investment earnings	569,379	ï
	$ 832,542	$ 838,505

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	OPEB Expense Amount
2025	$ 61,099
2026	$ (32,084)
2027	$ (39,554)
2028	$ 26,836
2029	$ (22,260)

NOTE 9 ï FLEXIBLE BENEFIT PLAN

The District has a flexible benefit plan, which is classified as a ñcafeteria planò (the Plan) under Ä125 of the IRC. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pretax dollars withheld from payroll checks to the Plan for healthcare and dependent care benefits.

Before the beginning of the Plan year, each participant designates a total amount of pretax dollars to be contributed to the Plan during the year. At June 30, the District is contingently liable for claims against the total amount of participantsô annual contributions to the healthcare portion of the Plan, whether or not such contributions have been made.

The Plan is being administered by an independent contract administrator for healthcare and dependent care expense reimbursements. The District holds contributions to the Plan for healthcare and dependent care expense reimbursements until requests for reimbursement of claims are received from the administrator. The District withholds amounts from employee payroll checks equal to the amount of the health insurance premiums owing and makes the claim payments when due. The accounting for the activities of the flexible benefit plan is included within the General Fund.

All property of the Plan and income attributable to that property is solely the property of the District, subject to the claims of the Districtôs general creditors. Participantsô rights under the Plan are equal to those of general creditors of the District in an amount equal to eligible healthcare and dependent care expenses incurred by the participants. The District believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 10 ï INTERFUND TRANSACTIONS

At June 30, 2024, the Districtôs General Fund had an interfund receivable of $961,702 from the Post-Employment Benefits Trust Fund, representing post-employment benefit costs to be reimbursed. Such interfund balances are reported in the fund financial statements, but are eliminated as necessary in the government-wide financial statements.

NOTE 11 ï COMMITMENTS AND CONTINGENCIES

A. 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.

B. Legal Contingencies

The District is a defendant in various lawsuits. Although the outcomes of these claims are not presently determinable, the District believes that the resolution of these matters will not have a material adverse effect on its financial position.

NOTE 12 ï SUBSEQUENT EVENTS

In August 2024, the District entered into a financed purchase for transportation vehicles totaling $1,479,424. This financed purchase has annual payments of $249,580. The bonds issued have an interest rate of 5.9 percent and a final maturity date of August 2030.

In July 2025, the District entered into a financed purchase for transportation vehicles totaling $1,873,782. This financed purchase has annual payments of $281,024 and a final payment of $683,320. This agreement has an interest rate of 3.3 percent and a final maturity date of January 2031.

In August 2025, the District issued general obligation facilities maintenance bonds totaling $15,165,000. These bonds have annual payments of approximately $1,330,000. The bonds issued have interest rates of between 4.0 and 5.0 percent and a final maturity date in fiscal 2041.

NOTE 13 ï CONSTRUCTION COMMITMENTS

At June 30, 2024, the District had future commitments on ongoing construction contracts totaling $667,053.

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REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 197

Public Employees Retirement Association Pension Benefits Plan
Schedule of Districtôs and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 2024

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	Districtôs Proportion of the Net Pension Liability	Districtôs Proportionate Share of the Net Pension Liability	Districtôs Proportionate Share of the State of Minnesotaôs Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the Districtôs Share of the State of Minnesotaôs Share of the Net Pension Liability	Districtôs Covered Payroll	Districtôs Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.1877%	$ 8,817,206	$ ï	$ 8,817,206	$ 9,854,575	89.47%	78.70%
06/30/2016	06/30/2015	0.1749%	$ 9,064,226	$ ï	$ 9,064,226	$ 10,271,570	88.25%	78.20%
06/30/2017	06/30/2016	0.1754%	$ 14,241,610	$ 186,010	$ 14,427,620	$ 10,873,967	130.97%	68.90%
06/30/2018	06/30/2017	0.1875%	$ 11,969,877	$ 150,528	$ 12,120,405	$ 12,092,570	98.99%	75.90%
06/30/2019	06/30/2018	0.1800%	$ 9,985,663	$ 327,540	$ 10,313,203	$ 12,099,942	82.53%	79.50%
06/30/2020	06/30/2019	0.1779%	$ 9,835,694	$ 305,820	$ 10,141,514	$ 12,534,528	78.47%	80.20%
06/30/2021	06/30/2020	0.1834%	$ 10,995,670	$ 339,147	$ 11,334,817	$ 13,081,579	84.05%	79.10%
06/30/2022	06/30/2021	0.1811%	$ 7,733,781	$ 236,135	$ 7,969,916	$ 13,029,660	59.36%	87.00%
06/30/2023	06/30/2022	0.1874%	$ 14,842,142	$ 435,141	$ 15,277,283	$ 14,068,068	105.50%	76.70%
06/30/2024	06/30/2023	0.1806%	$ 10,098,950	$ 278,425	$ 10,377,375	$ 14,288,849	70.68%	83.10%

Public Employees Retirement Association Pension Benefits Plan
Schedule of District Contributions
Year Ended June 30, 2024

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	$ 758,311	$ 758,311	$ ï	$ 10,271,570	7.38%
06/30/2016	$ 815,665	$ 815,665	$ ï	$ 10,873,967	7.50%
06/30/2017	$ 906,034	$ 906,034	$ ï	$ 12,092,570	7.49%
06/30/2018	$ 907,687	$ 907,687	$ ï	$ 12,099,942	7.50%
06/30/2019	$ 943,550	$ 943,550	$ ï	$ 12,534,528	7.53%
06/30/2020	$ 981,011	$ 981,011	$ ï	$ 13,081,579	7.50%
06/30/2021	$ 977,752	$ 977,752	$ ï	$ 13,029,660	7.50%
06/30/2022	$ 1,055,201	$ 1,055,201	$ ï	$ 14,068,068	7.50%
06/30/2023	$ 1,071,788	$ 1,071,788	$ ï	$ 14,288,849	7.50%
06/30/2024	$ 1,108,229	$ 1,108,229	$ ï	$ 14,775,050	7.50%

INDEPENDENT SCHOOL DISTRICT NO. 197

Teachers Retirement Association Pension Benefits Plan
Schedule of Districtôs and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 2024

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	Districtôs Proportion of the Net Pension Liability	Districtôs Proportionate Share of the Net Pension Liability	Districtôs Proportionate Share of the State of Minnesotaôs Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the Districtôs Share of the State of Minnesotaôs Share of the Net Pension Liability	Districtôs Covered Payroll	Districtôs Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.5808%	$ 26,762,846	$ 1,882,856	$ 28,645,702	$ 26,507,780	100.96%	81.50%
06/30/2016	06/30/2015	0.5457%	$ 33,756,942	$ 4,140,372	$ 37,897,314	$ 27,692,813	121.90%	76.80%
06/30/2017	06/30/2016	0.5630%	$134,288,933	$ 13,478,876	$147,767,809	$ 29,277,163	458.68%	44.88%
06/30/2018	06/30/2017	0.5736%	$114,500,965	$ 11,067,595	$125,568,560	$ 30,871,242	370.90%	51.57%
06/30/2019	06/30/2018	0.5760%	$ 36,178,191	$ 3,398,960	$ 39,577,151	$ 31,834,936	113.64%	78.07%
06/30/2020	06/30/2019	0.5873%	$ 37,434,625	$ 3,312,985	$ 40,747,610	$ 33,354,525	112.23%	78.21%
06/30/2021	06/30/2020	0.5935%	$ 43,848,575	$ 3,674,426	$ 47,523,001	$ 34,486,820	127.15%	75.48%
06/30/2022	06/30/2021	0.6019%	$ 26,340,945	$ 2,221,687	$ 28,562,632	$ 36,020,598	73.13%	86.63%
06/30/2023	06/30/2022	0.6019%	$ 48,196,968	$ 3,574,032	$ 51,771,000	$ 37,201,636	129.56%	76.17%
06/30/2024	06/30/2023	0.6047%	$ 49,925,387	$ 3,497,428	$ 53,422,815	$ 38,445,510	129.86%	76.42%

Teachers Retirement Association Pension Benefits Plan
Schedule of District Contributions
Year Ended June 30, 2024

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	$ 2,076,970	$ 2,076,970	$ ï	$ 27,692,813	7.50%
06/30/2016	$ 2,196,169	$ 2,196,169	$ ï	$ 29,277,163	7.50%
06/30/2017	$ 2,315,946	$ 2,315,946	$ ï	$ 30,871,242	7.50%
06/30/2018	$ 2,386,227	$ 2,386,227	$ ï	$ 31,834,936	7.50%
06/30/2019	$ 2,570,756	$ 2,570,756	$ ï	$ 33,354,525	7.71%
06/30/2020	$ 2,731,306	$ 2,731,306	$ ï	$ 34,486,820	7.92%
06/30/2021	$ 2,928,390	$ 2,928,390	$ ï	$ 36,020,598	8.13%
06/30/2022	$ 3,102,809	$ 3,102,809	$ ï	$ 37,201,636	8.34%
06/30/2023	$ 3,287,190	$ 3,287,190	$ ï	$ 38,455,510	8.55%
06/30/2024	$ 3,655,181	$ 3,655,181	$ ï	$ 41,770,532	8.75%

INDEPENDENT SCHOOL DISTRICT NO. 197

Other Post-Employment Benefits Plan
Schedule of Changes in the Districtõs Net
OPEB Liability and Related Ratios
Year Ended June 30, 2024

	District Fiscal Year-End Date							
	2017	2018	2019	2020	2021	2022	2023	2024
Total OPEB liability								
Service cost	$ 578,701	$ 559,908	$ 647,717	$ 729,958	$ 777,727	$ 657,323	$ 637,146	$ 628,688
Interest	346,801	345,050	387,196	380,936	328,179	281,670	428,178	462,738
Assumption changes	ï	(228,427)	360,798	334,669	(333,280)	(637,131)	109,926	(169,237)
Plan changes	ï	ï	(11,941)	ï	ï	ï	44,609	ï
Differences between expected and actual experience	ï	ï	415,313	ï	(803,410)	ï	156,589	35,657
Benefit payments	(919,592)	(1,010,675)	(648,524)	(662,964)	(644,437)	(814,985)	(1,102,164)	(1,048,449)
Net change in total OPEB liability	5,910	(334,144)	1,150,559	782,599	(675,221)	(513,123)	274,284	(90,603)
Total OPEB liability ï beginning of year	11,064,723	11,070,633	10,736,489	11,887,048	12,669,647	11,994,426	11,481,303	11,755,587
Total OPEB liability ï end of year	11,070,633	10,736,489	11,887,048	12,669,647	11,994,426	11,481,303	11,755,587	11,664,984
Plan fiduciary net position								
Contributions	283,418	477,763	361,279	363,399	243,275	353,214	586,682	602,229
Investment earnings	71,748	(23,106)	587,341	575,129	90,202	(780,767)	(32,372)	201,723
Benefit payments	(919,592)	(1,010,675)	(648,524)	(662,964)	(644,437)	(814,985)	(1,102,164)	(1,048,449)
Administrative expenses	ï	(884)	(500)	(500)	(945)	(899)	(995)	ï
Net change in plan fiduciary net position	(564,426)	(556,902)	299,596	275,064	(311,905)	(1,243,437)	(548,849)	(244,497)
Plan fiduciary net position ï beginning of year	7,654,407	7,089,981	6,533,079	6,832,675	7,107,739	6,795,834	5,552,397	5,003,548
Plan fiduciary net position ï end of year	7,089,981	6,533,079	6,832,675	7,107,739	6,795,834	5,552,397	5,003,548	4,759,051
Net OPEB liability	$ 3,980,652	$ 4,203,410	$ 5,054,373	$ 5,561,908	$ 5,198,592	$ 5,928,906	$ 6,752,039	$ 6,905,933
Fiduciary net position as a percentage of the total OPEB liability	64.04%	60.85%	57.48%	56.10%	56.66%	48.36%	42.56%	40.80%
Covered-employee payroll	$ 37,814,873	$ 38,949,319	$ 42,887,513	$ 44,174,138	$ 42,543,012	$ 43,819,302	$ 46,610,246	$ 48,008,553
Net OPEB liability as a percentage of covered-employee payroll	10.53%	10.79%	11.79%	12.59%	12.22%	13.53%	14.49%	14.38%

Note: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 197

Other Post-Employment Benefits Plan
Schedule of Investment Returns
Year Ended June 30, 2024

Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2017	0.9 %
2018	(0.3) %
2019	9.0 %
2020	8.4 %
2021	1.3 %
2022	(11.5) %
2023	(0.6) %
2024	4.0 %

Note: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

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PERA ï GENERAL EMPLOYEES RETIREMENT FUND

2023 CHANGES IN PLAN PROVISIONS

- An additional one-time direct state aid contribution of $170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, noncompounding benefit increase of 2.50 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2020 CHANGES IN PLAN PROVISIONS

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020 through December 31, 2023, and zero percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

PERA ï GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2020 CHANGES IN ACTUARIAL ASSUMPTIONS (CONTINUED)

- The base mortality table for healthy annuitants and employees was changed from the RP-2014 Table to the Pub-2010 General Mortality Table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality Table to the Pub-2010 General/Teacher Disabled Annuitant Mortality Table, with adjustments.
- The mortality improvement scale was changed from MP-2018 to MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100.00 percent joint and survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent joint and survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

2019 CHANGES IN PLAN PROVISIONS

- The employer supplemental contribution was changed prospectively, decreasing from $31.0 million to $21.0 million per year. The stateôs special funding contribution was changed prospectively, requiring $16.0 million due per year through 2031.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044, and 2.50 percent per year thereafter, to 1.25 percent per year.

PERA ï GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2017 CHANGES IN PLAN PROVISIONS

- The stateôs contribution for the Minneapolis Employees Retirement Fund equals $16.0 million in 2017 and 2018, and $6.0 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from $21.0 million to $31.0 million in calendar years 2019 to 2031. The stateôs contribution changed from $16.0 million to $6.0 million in calendar years 2019 to 2031.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and nonvested deferred members. The revised CSA loads are now zero percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for nonvested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years, to 1.00 percent per year through 2044, and 2.50 percent per year thereafter.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Retirement Fund, which increased the total pension liability by $1.1 billion and increased the fiduciary plan net position by $892.0 million. Upon consolidation, state and employer contributions were revised; the stateôs contribution of $6.0 million, which meets the special funding situation definition, was due September 2015.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030, and 2.50 percent per year thereafter, to 1.00 percent per year through 2035, and 2.50 percent per year thereafter.

TEACHERS RETIREMENT ASSOCIATION (TRA)

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The normal retirement age for active and eligible Tier II members will be 65 effective July 1, 2024.
- The employer contribution rate will increase from 8.75 percent to 9.81 percent on July 1, 2025.
- The employee contribution rate will increase from 7.75 percent to 8.00 percent on July 1, 2025.
- The pension adjustment rate for school districts and the base budgets for MnSCU, Perpich Center for Arts Education, and Minnesota academies will increase to reflect the 0.75 percent employer contribution rate increase.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

- The cost of living adjustment (COLA) was reduced from 2.00 percent each January 1 to 1.00 percent, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.10 percent each year until reaching the ultimate rate of 1.50 percent on January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit, are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.50 percent if the funded ratio was at least 90.00 percent for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.00 percent to 3.00 percent, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.50 percent to 7.50 percent, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years, (7.71 percent in 2018, 7.92 percent in 2019, 8.13 percent in 2020, 8.34 percent in 2021, 8.55 percent in 2022, and 8.75 percent in 2023). In addition, the employee contribution rate will increase from 7.50 percent to 7.75 percent on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment return assumption was changed from 8.50 percent to 7.50 percent.
- The single discount rate changed from 5.12 percent to 7.50 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The COLA was assumed to increase from 2.00 percent annually to 2.50 percent annually on July 1, 2045.
- The COLA was not assumed to increase to 2.50 percent, but remain at 2.00 percent for all future years.
- Adjustments were made to the CSA loads. The active load was reduced from 1.40 percent to zero percent, the vested inactive load increased from 4.00 percent to 7.00 percent, and the nonvested inactive load increased from 4.00 percent to 9.00 percent.

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS (CONTINUED)

- The investment return assumption was changed from 8.00 percent to 7.50 percent.
- The price inflation assumption was lowered from 2.75 percent to 2.50 percent.
- The payroll growth assumption was lowered from 3.50 percent to 3.00 percent.
- The general wage growth assumption was lowered from 3.50 percent to 2.85 percent for 10 years, followed by 3.25 percent thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.
- The single discount rate changed from 4.66 percent to 5.12 percent.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The single discount rate was changed from 8.00 percent to 4.66 percent.

2015 CHANGES IN PLAN PROVISIONS

- The Duluth Teachers Retirement Fund Association was merged into the TRA on June 30, 2015.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The annual COLA for the June 30, 2015 valuation assumed 2.00 percent. The prior year valuation used 2.00 percent, with an increase to 2.50 percent commencing in 2034.
- The discount rate used to measure the total pension liability was 8.00 percent. This is a decrease from the discount rate at the prior measurement date of 8.25 percent.

OTHER POST-EMPLOYMENT BENEFITS PLAN

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

- ∉ The discount rate was changed from 3.90 percent to 4.20 percent.
- ∉ The expected long-term investment return was changed from 3.00 percent to 4.50 percent.

2023 CHANGES IN PLAN PROVISIONS

- ∉ Both the maximum severance benefit and the cumulative employer matching contribution increased from $28,000 to $35,000 for teachers hired before November 15, 1991.

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- ∉ The discount rate was changed from 3.70 percent to 3.90 percent.
- ∉ The healthcare trend rates, mortality tables, salary increase rates for nonteachers, and withdrawal rates were updated.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- ∉ The discount rate was changed from 2.30 percent to 3.70 percent.
- ∉ The healthcare trend rates, mortality tables, and salary increase rates were updated.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- ∉ The discount rate was changed from 2.50 percent to 2.30 percent.
- ∉ The healthcare trend rates, mortality tables, and salary increase rates were updated.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- ∉ The discount rate was changed from 3.10 percent to 2.50 percent.
- ∉ The expected long-term investment return was changed from 3.50 percent to 3.90 percent.

2019 CHANGES IN PLAN PROVISIONS

- ∉ The subsidized teachersô benefit increased to $28,000 and the benefit offset (cumulative employer matching contributions) also increased.
- ∉ The principalsô life insurance amount increased to $300,000.
- ∉ The new superintendent does not have a post-employment subsidized benefit.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- ∉ The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale, to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- ∉ The discount rate was changed from 3.50 percent to 3.10 percent.
- ∉ The expected long-term investment return was changed from 3.40 percent to 3.50 percent.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- ∉ The expected long-term investment return was changed from 3.70 percent to 3.40 percent.
- ∉ The discount rate was changed from 3.10 percent to 3.50 percent.

SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 197

Nonmajor Governmental Funds
Combining Balance Sheet
as of June 30, 2024

	Special Revenue Funds		
	Food Service	Community Service	Total
Assets			
Cash and temporary investments	$ 902,570	$ 1,370,783	$ 2,273,353
Receivables			
Current taxes	ï	602,908	602,908
Delinquent taxes	ï	11,199	11,199
Accounts and interest	ï	217,912	217,912
Due from other governmental units	33,662	151,421	185,083
Inventory	44,491	ï	44,491
Total assets	$ 980,723	$ 2,354,223	$ 3,334,946
Liabilities			
Salaries and compensated absences payable	$ 94,238	$ 123,437	$ 217,675
Accounts and contracts payable	179,596	147,555	327,151
Total liabilities	273,834	270,992	544,826
Deferred inflows of resources			
Property taxes levied for subsequent year	ï	1,164,427	1,164,427
Unavailable revenue ï delinquent taxes	ï	7,614	7,614
Total deferred inflows of resources	ï	1,172,041	1,172,041
Fund balances			
Nonspendable	44,491	ï	44,491
Restricted	662,398	911,190	1,573,588
Total fund balances	706,889	911,190	1,618,079
Total liabilities, deferred inflows of resources, and fund balances	$ 980,723	$ 2,354,223	$ 3,334,946

INDEPENDENT SCHOOL DISTRICT NO. 197

Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2024

	Special Revenue Funds		
	Food Service	Community Service	Total
Revenue			
Local sources			
Property taxes	$ ï	$ 1,103,444	$ 1,103,444
Investment earnings	29,990	81,902	111,892
Other	110,632	2,354,781	2,465,413
State sources	1,932,536	1,693,533	3,626,069
Federal sources	2,588,569	ï	2,588,569
Total revenue	4,661,727	5,233,660	9,895,387
Expenditures			
Current			
Food service	4,139,351	ï	4,139,351
Community service	ï	5,137,919	5,137,919
Capital outlay	181,743	15,578	197,321
Total expenditures	4,321,094	5,153,497	9,474,591
Net change in fund balances	340,633	80,163	420,796
Fund balances			
Beginning of year	366,256	831,027	1,197,283
End of year	$ 706,889	$ 911,190	$ 1,618,079

INDEPENDENT SCHOOL DISTRICT NO. 197

General Fund
Comparative Balance Sheet
as of June 30, 2024 and 2023

	2024	2023
Assets		
Cash and temporary investments	$ 10,482,413	$ 11,048,746
Receivables		
Current taxes	12,614,706	9,704,074
Delinquent taxes	192,643	225,003
Accounts and interest	ï	88,134
Due from other governmental units	11,224,693	10,183,022
Due from other funds	961,702	515,482
Lease	769,186	769,186
Inventory	49,971	45,120
Prepaid items	441,431	297,289
Total assets	$ 36,736,745	$ 32,876,056
Liabilities		
Salaries and compensated absences payable	$ 3,938,780	$ 3,754,300
Accounts and contracts payable	3,505,505	3,370,516
Due to other governmental units	174,786	417,664
Total liabilities	7,619,071	7,542,480
Deferred inflows of resources		
Lease revenue for subsequent years	769,186	769,186
Property taxes levied for subsequent year	22,319,583	16,050,761
Unavailable revenue ï delinquent taxes	134,123	198,571
Total deferred inflows of resources	23,222,892	17,018,518
Fund balances		
Nonspendable for inventory	49,971	45,120
Nonspendable for prepaid items	441,431	297,289
Restricted for student activities	164,157	158,476
Restricted for staff development	271,019	509,462
Restricted for library incentive aid	260,361	ï
Restricted for operating capital	84,577	166,272
Restricted for school library aid	86,666	ï
Restricted for long-term facilities maintenance	1,690,653	1,992,962
Restricted for Medical Assistance	507,208	556,512
Assigned for subsequent year budget	ï	377,604
Unassigned	2,338,739	4,211,361
Total fund balances	5,894,782	8,315,058
Total liabilities, deferred inflows of resources, and fund balances	$ 36,736,745	$ 32,876,056

INDEPENDENT SCHOOL DISTRICT NO. 197

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024			2023
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 18,220,352	$ 18,489,202	$ 268,850	$ 19,813,861
Investment earnings	400,000	338,350	(61,650)	265,246
Other	1,180,500	2,583,974	1,403,474	1,794,617
State sources	63,974,791	66,105,403	2,130,612	56,889,660
Federal sources	2,380,897	3,352,377	971,480	6,297,827
Total revenue	86,156,540	90,869,306	4,712,766	85,061,211
Expenditures				
Current				
Administration				
Salaries	2,158,348	2,245,078	86,730	2,155,948
Employee benefits	795,549	709,855	(85,694)	681,297
Purchased services	53,455	43,734	(9,721)	63,051
Supplies and materials	26,023	22,965	(3,058)	29,939
Capital expenditures	500	ï	(500)	ï
Other expenditures	36,506	104,602	68,096	74,263
Total administration	3,070,381	3,126,234	55,853	3,004,498
District support services				
Salaries	947,143	969,476	22,333	888,557
Employee benefits	384,265	319,388	(64,877)	335,620
Purchased services	236,731	354,099	117,368	388,694
Supplies and materials	22,720	86,304	63,584	20,295
Other expenditures	(48,650)	5,194	53,844	1,436
Total district support services	1,542,209	1,734,461	192,252	1,634,602
Elementary and secondary regular instruction				
Salaries	26,302,895	26,723,919	421,024	24,675,797
Employee benefits	9,911,577	9,906,651	(4,926)	8,977,298
Purchased services	2,323,333	2,540,927	217,594	2,355,644
Supplies and materials	816,514	1,161,062	344,548	1,165,979
Capital expenditures	67,250	87,861	20,611	158,593
Other expenditures	217,448	757,434	539,986	613,226
Total elementary and secondary regular instruction	39,639,017	41,177,854	1,538,837	37,946,537

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 197

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
Year Ended June 30, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024			2023
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	194,599	208,178	13,579	422,399
Employee benefits	46,366	71,826	25,460	142,908
Purchased services	560	1,302	742	2,876
Supplies and materials	8,345	10,022	1,677	32,409
Other expenditures	ï	2,556	2,556	2,784
Total vocational education instruction	249,870	293,884	44,014	603,376
Special education instruction				
Salaries	11,853,586	13,397,344	1,543,758	11,905,994
Employee benefits	4,626,887	4,963,340	336,453	4,407,627
Purchased services	751,077	911,111	160,034	1,182,626
Supplies and materials	130,284	164,068	33,784	151,293
Capital expenditures	12,960	2,461	(10,499)	5,900
Other expenditures	56,813	62,476	5,663	63,599
Total special education instruction	17,431,607	19,500,800	2,069,193	17,717,039
Community education instruction				
Salaries	26,071	54,796	28,725	52,481
Employee benefits	4,064	31,292	27,228	8,221
Purchased services	ï	240	240	3,644
Supplies and materials	ï	1,481	1,481	1,040
Total community education instruction	30,135	87,809	57,674	65,386
Instructional support services				
Salaries	3,526,623	4,047,902	521,279	3,590,631
Employee benefits	1,314,048	1,549,929	235,881	1,376,531
Purchased services	1,097,307	702,135	(395,172)	922,579
Supplies and materials	533,212	877,599	344,387	966,221
Capital expenditures	14,100	686,532	672,432	1,451
Other expenditures	22,197	41,799	19,602	37,429
Total instructional support services	6,507,487	7,905,896	1,398,409	6,894,842
Pupil support services				
Salaries	4,074,625	3,837,637	(236,988)	4,047,913
Employee benefits	1,716,546	1,521,978	(194,568)	1,540,319
Purchased services	2,772,503	4,769,469	1,996,966	3,989,739
Supplies and materials	280,297	267,223	(13,074)	239,007
Capital expenditures	264,615	32,697	(231,918)	57,629
Other expenditures	250	21,500	21,250	16,898
Total pupil support services	9,108,836	10,450,504	1,341,668	9,891,505

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 197

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
Year Ended June 30, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024			2023
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	2,754,111	2,635,735	(118,376)	2,663,475
Employee benefits	1,100,177	937,568	(162,609)	962,887
Purchased services	3,537,695	3,090,775	(446,920)	2,595,991
Supplies and materials	329,494	371,389	41,895	384,386
Capital expenditures	472,477	868,386	395,909	335,848
Other expenditures	ï	7,006	7,006	7,108
Total sites and buildings	8,193,954	7,910,859	(283,095)	6,949,695
Fiscal and other fixed cost programs				
Purchased services	405,000	375,149	(29,851)	320,995
Debt service				
Principal	537,899	1,134,715	596,816	1,366,381
Interest and fiscal charges	5,840	276,717	270,877	298,948
Total debt service	543,739	1,411,432	867,693	1,665,329
Total expenditures	86,722,235	93,974,882	7,252,647	86,693,804
Excess (deficiency) of revenue over expenditures	(565,695)	(3,105,576)	(2,539,881)	(1,632,593)
Other financing sources				
Debt issued	ï	685,300	685,300	ï
Insurance recovery	10,000	ï	(10,000)	57,439
Total other financing sources	10,000	685,300	675,300	57,439
Net change in fund balances	$ (555,695)	(2,420,276)	$ (1,864,581)	(1,575,154)
Fund balances				
Beginning of year		8,315,058		9,890,212
End of year		$ 5,894,782		$ 8,315,058

INDEPENDENT SCHOOL DISTRICT NO. 197

Food Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2024 and 2023

	2024	2023
Assets		
Cash and temporary investments	$ 902,570	$ 460,421
Receivables		
Accounts and interest	ï	2,829
Due from other governmental units	33,662	ï
Inventory	44,491	51,239
Total assets	$ 980,723	$ 514,489
Liabilities		
Salaries and compensated absences payable	$ 94,238	$ 53,598
Accounts and contracts payable	179,596	94,635
Total liabilities	273,834	148,233
Fund balances		
Nonspendable for inventory	44,491	51,239
Restricted for food service	662,398	315,017
Total fund balances	706,889	366,256
Total liabilities and fund balances	$ 980,723	$ 514,489

INDEPENDENT SCHOOL DISTRICT NO. 197

Food Service Special Revenue Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024			2023
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	$ 2,000	$ 29,990	$ 27,990	$ 17,844
Other ï primarily meal sales	82,638	110,632	27,994	969,103
State sources	2,004,601	1,932,536	(72,065)	168,489
Federal sources	2,482,650	2,588,569	105,919	2,377,025
Total revenue	4,571,889	4,661,727	89,838	3,532,461
Expenditures				
Current				
Salaries	1,060,592	1,207,680	147,088	1,062,348
Employee benefits	438,058	464,149	26,091	413,683
Purchased services	281,417	333,554	52,137	287,053
Supplies and materials	2,110,053	2,132,837	22,784	1,731,764
Other expenditures	1,599	1,131	(468)	1,367
Capital outlay	205,000	181,743	(23,257)	254,491
Total expenditures	4,096,719	4,321,094	224,375	3,750,706
Net change in fund balances	$ 475,170	340,633	$ (134,537)	(218,245)
Fund balances				
Beginning of year		366,256		584,501
End of year		$ 706,889		$ 366,256

INDEPENDENT SCHOOL DISTRICT NO. 197

Community Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2024 and 2023

	2024	2023
Assets		
Cash and temporary investments	$ 1,370,783	$ 1,258,737
Receivables		
Current taxes	602,908	594,919
Delinquent taxes	11,199	12,520
Accounts and interest	217,912	219,614
Due from other governmental units	151,421	150,623
Total assets	$ 2,354,223	$ 2,236,413
Liabilities		
Salaries and compensated absences payable	$ 123,437	$ 134,156
Accounts and contracts payable	147,555	152,460
Due to other governmental units	ï	723
Total liabilities	270,992	287,339
Deferred inflows of resources		
Property taxes levied for subsequent year	1,164,427	1,108,685
Unavailable revenue ï delinquent taxes	7,614	9,362
Total deferred inflows of resources	1,172,041	1,118,047
Fund balances		
Restricted for early childhood family education	58,352	26,367
Restricted for school readiness	12,830	2,766
Restricted for community education	99,420	249,683
Restricted for community service programs	740,588	552,211
Total fund balances	911,190	831,027
Total liabilities, deferred inflows of resources, and fund balances	$ 2,354,223	$ 2,236,413

INDEPENDENT SCHOOL DISTRICT NO. 197

Community Service Special Revenue Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024			2023
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 1,108,685	$ 1,103,444	$ (5,241)	$ 1,095,819
Investment earnings	1,000	81,902	80,902	47,646
Other ï primarily tuition and fees	1,974,399	2,354,781	380,382	2,220,370
State sources	1,558,567	1,693,533	134,966	1,509,413
Federal sources	ï	ï	ï	192,961
Total revenue	4,642,651	5,233,660	591,009	5,066,209
Expenditures				
Current				
Salaries	2,755,790	2,888,641	132,851	2,618,388
Employee benefits	965,476	982,576	17,100	912,950
Purchased services	590,147	954,861	364,714	1,060,583
Supplies and materials	333,872	309,613	(24,259)	313,639
Other expenditures	2,285	2,228	(57)	2,021
Capital outlay	11,865	15,578	3,713	ï
Total expenditures	4,659,435	5,153,497	494,062	4,907,581
Net change in fund balances	$ (16,784)	80,163	$ 96,947	158,628
Fund balances				
Beginning of year		831,027		672,399
End of year		$ 911,190		$ 831,027

INDEPENDENT SCHOOL DISTRICT NO. 197

Capital Projects ï Building Construction Fund
Comparative Balance Sheet
as of June 30, 2024 and 2023

	2024	2023
Assets		
Cash and temporary investments	$ ï	$ 1,701,747
Liabilities		
Accounts and contracts payable	$ ï	$ 125,941
Fund balances		
Restricted for long-term facilities maintenance	ï	1,575,806
Total liabilities and fund balances	$ ï	$ 1,701,747

INDEPENDENT SCHOOL DISTRICT NO. 197

Capital Projects ï Building Construction Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024	2023
Revenue		
Local sources		
Investment earnings	$ 44,042	$ 111,836
Expenditures		
Capital outlay		
Purchased services	17,833	164,483
Capital expenditures	1,602,015	8,538,950
Total expenditures	1,619,848	8,703,433
Net change in fund balances	(1,575,806)	(8,591,597)
Fund balances		
Beginning of year	1,575,806	10,167,403
End of year	$ ï	$ 1,575,806

INDEPENDENT SCHOOL DISTRICT NO. 197

Debt Service Fund
Comparative Balance Sheet
as of June 30, 2024 and 2023

	2024	2023
Assets		
Cash and temporary investments	$ 6,943,389	$ 6,817,608
Receivables		
Current taxes	5,345,348	5,146,680
Delinquent taxes	96,168	107,738
Accounts and interest	ï	26,384
Due from other governmental units	56	12
Total assets	$ 12,384,961	$ 12,098,422
Deferred inflows of resources		
Property taxes levied for subsequent year	$ 10,323,736	$ 9,591,405
Unavailable revenue ï delinquent taxes	65,148	87,543
Total deferred inflows of resources	10,388,884	9,678,948
Fund balances		
Restricted for debt service	1,996,077	2,419,474
Total deferred inflows of of resources and fund balances	$ 12,384,961	$ 12,098,422

INDEPENDENT SCHOOL DISTRICT NO. 197

Debt Service Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024			2023
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 9,591,405	$ 9,526,943	$ (64,462)	$ 9,411,671
Investment earnings	6,000	253,774	247,774	170,281
State sources	ï	559	559	120
Total revenue	9,597,405	9,781,276	183,871	9,582,072
Expenditures				
Debt service				
Principal	5,140,000	5,140,000	ï	4,270,000
Interest	5,058,673	5,058,673	ï	5,342,534
Fiscal charges and other	6,000	6,000	ï	6,000
Total expenditures	10,204,673	10,204,673	ï	9,618,534
Net change in fund balances	$ (607,268)	(423,397)	$ 183,871	(36,462)
Fund balances				
Beginning of year		2,419,474		2,455,936
End of year		$ 1,996,077		$ 2,419,474

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OTHER DISTRICT INFORMATION

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INDEPENDENT SCHOOL DISTRICT NO. 197

Government-Wide Revenue by Type
Last Ten Fiscal Years

Year Ended June 30,	Program Revenues			General Revenues			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Property Taxes	General Grants and Aids	Investment Earnings and Other	Total
2015	$ 3,553,159	$ 11,695,269	$ ï	$ 23,417,595	$ 37,380,784	$ 393,960	$ 76,440,767
2016	3,558,864	12,119,900	ï	24,496,152	38,397,409	479,694	79,052,019
2017	3,437,851	13,082,105	ï	23,953,277	41,016,863	1,028,598	82,518,694
2018	3,579,240	13,242,441	ï	24,452,163	40,748,007	1,181,158	83,203,009
2019	3,547,457	14,141,817	ï	25,242,325	40,170,063	6,148,385	89,250,047
2020	2,902,897	14,310,121	449,881	29,785,294	44,641,227	2,755,837	94,845,257
2021	1,167,528	16,814,542	ï	30,393,128	46,445,283	1,663,689	96,484,170
2022	2,265,902	18,298,451	ï	30,982,518	48,292,314	2,090,129	101,929,314
2023	3,648,690	19,997,745	ï	30,389,982	47,733,253	2,056,497	103,826,167
2024	3,207,657	25,076,594	ï	29,030,998	50,830,119	2,926,221	111,071,589

INDEPENDENT SCHOOL DISTRICT NO. 197

Government-Wide Expenses by Function
Last Ten Fiscal Years

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction	Community Education Instruction	Instructional Support Services
2015	$ 2,272,017	$ 1,168,582	$ 28,474,670	$ 214,634	$ 11,258,782	$ ï	$ 5,214,306
2016	2,392,415	1,211,351	30,410,328	184,771	12,508,454	ï	9,400,257
2017	3,281,110	1,348,014	43,877,337	274,028	16,697,402	ï	7,115,333
2018	3,275,089	1,385,122	44,687,715	290,758	17,327,793	48,804	7,497,520
2019	1,891,797	1,155,023	23,018,577	129,085	11,262,769	67,520	5,122,980
2020	2,942,485	1,398,148	38,219,650	537,144	16,610,160	59,500	6,994,147
2021	2,930,908	1,548,305	37,221,885	639,421	16,928,982	61,630	7,863,762
2022	2,853,664	1,526,049	38,069,764	612,009	16,365,753	61,481	7,805,496
2023	2,552,084	1,729,059	31,636,211	470,113	15,457,272	65,386	6,388,730
2024	3,007,249	1,808,853	40,266,324	270,254	19,191,962	87,809	7,544,494

Pupil Support Services	Sites and Buildings	Fiscal and Other Fixed Cost Programs	Food Service	Community Service	Depreciation/ Amortization Not Included in Other Functions	Interest and Fiscal Charges	Total
$ 4,692,008	$ 5,083,451	$ 213,543	$ 2,791,457	$ 3,458,258	$ 1,876,078	$ 1,767,570	$ 68,485,356
5,356,033	6,112,340	193,846	2,706,681	3,659,170	1,914,460	1,575,321	77,625,427
6,786,337	6,222,441	199,237	2,861,786	4,845,349	2,254,120	1,387,929	97,150,423
7,281,551	6,774,025	214,066	2,894,893	5,040,042	1,970,953	1,120,965	99,809,296
6,228,535	7,199,220	230,183	2,744,182	4,354,040	1,974,989	5,271,593	70,650,493
7,905,983	12,563,400	211,693	2,863,987	5,066,429	1,967,255	4,826,348	102,166,329
6,996,723	7,234,897	246,367	2,241,837	4,332,860	2,295,678	4,587,883	95,131,138
9,230,044	7,447,104	353,418	3,587,627	4,299,169	3,576,624	4,813,226	100,601,428
9,988,053	8,508,580	353,185	3,174,962	4,831,527	4,902,417	4,428,731	94,486,310
10,766,083	7,631,417	375,149	4,281,796	5,240,917	5,599,671	4,160,670	110,232,648

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INDEPENDENT SCHOOL DISTRICT NO. 197

General Fund Revenue by Source
Last Ten Fiscal Years

Year Ended June 30,	Local Property Tax Revenue	State Revenue	Federal Revenue	Other Local and Miscellaneous	Total
2015	$ 14,591,080	$ 44,159,238	$ 2,152,009	$ 1,179,886	$ 62,082,213
	24%	71%	3%	2%	100%
2016	15,519,233	45,503,634	2,083,686	1,304,520	64,411,073
	24%	71%	3%	2%	100%
2017	15,667,436	47,038,573	2,123,935	1,324,326	66,154,270
	24%	71%	3%	2%	100%
2018	15,924,963	48,616,794	2,139,550	1,450,832	68,132,139
	23%	72%	3%	2%	100%
2019	17,013,964	50,951,580	2,329,922	1,895,677	72,191,143
	23%	71%	3%	3%	100%
2020	18,890,894	53,165,517	2,287,859	2,134,414	76,478,684
	25%	69%	3%	3%	100%
2021	19,548,280	54,011,169	4,987,923	1,432,836	79,980,208
	24%	68%	6%	2%	100%
2022	20,585,572	53,414,413	7,790,681	2,009,615	83,800,281
	25%	64%	9%	2%	100%
2023	19,813,861	56,889,660	6,297,827	2,059,863	85,061,211
	23%	67%	8%	2%	100%
2024	18,489,202	66,105,403	3,352,377	2,922,324	90,869,306
	20%	73%	4%	3%	100%

INDEPENDENT SCHOOL DISTRICT NO. 197

General Fund Expenditures by Program
Last Ten Fiscal Years

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction	Community Education Instruction
2015	$ 2,281,630	$ 1,167,212	$ 27,437,971	$ 221,798	$ 11,628,950	$ ï
	4%	2%	46%	ï	20%	ï
2016	2,351,424	1,205,122	29,107,133	185,070	12,807,507	ï
	3%	2%	42%	ï	19%	ï
2017	2,436,796	1,297,236	30,495,933	188,271	12,611,155	ï
	4%	2%	46%	ï	19%	ï
2018	2,454,020	1,313,697	31,623,170	209,670	13,258,849	48,804
	3%	2%	46%	ï	19%	ï
2019	2,567,830	1,270,427	32,585,724	201,288	14,698,814	67,520
	4%	2%	45%	ï	20%	ï
2020	2,664,367	1,368,218	33,827,949	507,868	15,149,820	59,500
	3%	2%	44%	ï	20%	ï
2021	2,765,626	1,536,946	33,884,644	589,325	15,912,876	61,630
	3%	2%	43%	ï	20%	ï
2022	2,904,528	1,553,947	37,977,967	619,851	16,613,147	61,481
	3%	2%	44%	1%	19%	ï
2023	3,004,498	1,634,602	37,946,537	603,376	17,717,039	65,386
	3%	2%	44%	1%	21%	ï
2024	3,126,234	1,734,461	41,177,854	293,884	19,500,800	87,809
	3%	2%	44%	ï	21%	ï

Instructional Support Services	Pupil Support Services	Sites and Buildings	Other Programs	Total
$ 5,349,297	$ 5,013,193	$ 5,150,304	$ 634,514	$ 58,884,869
9%	9%	9%	1%	100%
9,464,335	5,424,087	7,048,064	1,263,427	68,856,169
14%	8%	10%	2%	100%
5,946,446	6,001,783	6,318,045	1,243,389	66,539,054
9%	9%	9%	2%	100%
6,374,998	7,113,859	6,692,455	1,503,641	70,593,163
9%	10%	9%	2%	100%
6,076,311	7,360,851	6,639,849	1,781,171	73,249,785
8%	10%	9%	2%	100%
6,881,647	7,193,031	8,388,694	1,373,796	77,414,890
9%	9%	11%	2%	100%
7,648,322	6,698,751	9,404,705	1,218,868	79,721,693
10%	8%	12%	2%	100%
7,961,078	9,198,228	7,302,605	1,943,177	86,136,009
9%	11%	9%	2%	100%
6,894,842	9,891,505	6,949,695	1,986,324	86,693,804
8%	11%	8%	2%	100%
7,905,896	10,450,504	7,910,859	1,786,581	93,974,882
9%	11%	8%	2%	100%

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INDEPENDENT SCHOOL DISTRICT NO. 197

School Tax Levies, Tax Capacity Rates, and Market Value Rates by Fund
Last Ten Fiscal Years

	Year Collectible	General Fund	Community Service Special Revenue Fund	Debt Service Fund	Total All Funds
Levies					
	2015	$ 15,471,359	$ 898,894	$ 8,312,231	$ 24,682,484
	2016	15,713,768	966,076	7,433,486	24,113,330
	2017	15,810,548	1,128,722	7,386,069	24,325,339
	2018	16,997,815	1,217,957	7,064,074	25,279,846
	2019	18,739,703	1,283,189	9,693,393	29,716,285
	2020	19,315,969	1,131,866	9,740,851	30,188,686
	2021	20,321,764	1,036,352	9,292,987	30,651,103
	2022	19,449,007	1,100,399	9,458,122	30,007,528
	2023	18,095,352	1,108,685	9,591,405	28,795,442
	2024	24,363,323	1,164,427	10,323,736	35,851,486
Tax capacity rates					
	2015	0.07911	0.01544	0.14608	0.24063
	2016	0.08576	0.01564	0.12030	0.22170
	2017	0.08800	0.01789	0.11706	0.22295
	2018	0.09307	0.01752	0.10165	0.21224
	2019	0.09426	0.01732	0.13088	0.24246
	2020	0.08855	0.01381	0.11889	0.22125
	2021	0.09988	0.01195	0.10717	0.21900
	2022	0.08575	0.01231	0.10585	0.20391
	2023	0.06548	0.01090	0.09429	0.17067
	2024	0.06935	0.01060	0.09396	0.17391
Market value rates					
	2015	0.0018941	ï	ï	0.0018941
	2016	0.0017649	ï	ï	0.0017649
	2017	0.0016955	ï	ï	0.0016955
	2018	0.0016017	ï	ï	0.0016017
	2019	0.0016862	ï	ï	0.0016862
	2020	0.0015911	ï	ï	0.0015911
	2021	0.0014432	ï	ï	0.0014432
	2022	0.0014099	ï	ï	0.0014099
	2023	0.0012150	ï	ï	0.0012150
	2024	0.0017014	ï	ï	0.0017014

Note: Tax rates are expressed in terms of ñnet tax capacity.ò A propertyôs tax capacity is determined by multiplying its taxable market value by a state-determined class rate. Class rates vary by property type and change periodically based on state legislation.

Source: State of Minnesota School Tax Report

INDEPENDENT SCHOOL DISTRICT NO. 197

Tax Capacities and Market Values
Last Ten Fiscal Years

For Taxes Collectible	Net Tax Capacities			
		Real	Fiscal Disparities	
	Real Agriculture	Nonagricultural	Contribution	Distribution
2015	$ 22,388	$ 65,904,165	$ (11,282,312)	$ 4,898,619
2016	22,575	68,692,682	(11,218,335)	5,012,111
2017	17,100	70,219,141	(11,397,427)	5,459,243
2018	51,683	76,095,042	(11,740,170)	5,986,246
2019	3,781	82,226,527	(12,532,519)	6,295,554
2020	ï	89,143,780	(13,328,563)	6,672,767
2021	ï	95,588,999	(14,502,315)	6,962,268
2022	ï	98,662,183	(15,779,487)	7,507,138
2023	ï	110,970,677	(15,545,342)	7,024,344
2024	ï	121,229,563	(16,228,812)	7,591,536

Note: Tax capacity is calculated by applying class rates (for specific property classifications such as residential, commercial, etc.) to the assessed market value. Class rates are periodically changed by the state.

Source: State of Minnesota School Tax Report

Tax Increment	Total Taxable	Market Value
$ (1,300,844)	$ 58,242,016	$ 5,142,038,575
(1,147,181)	61,361,852	5,382,458,225
(1,169,377)	63,128,680	5,507,775,025
(1,193,339)	69,199,462	5,969,114,825
(1,142,524)	74,850,819	6,408,981,450
(1,196,541)	81,291,443	6,919,691,425
(1,407,842)	86,641,110	7,368,620,750
(1,587,778)	88,802,056	7,650,594,901
(2,088,957)	100,360,722	8,644,331,076
(2,578,581)	110,013,706	9,338,959,900

INDEPENDENT SCHOOL DISTRICT NO. 197

Property Tax Levies and Receivables
Last Ten Fiscal Years

For Taxes Collectible	Original Levy		
	Local Spread	Fiscal Disparities	Total Spread
2015	$ 22,577,461	$ 2,105,023	$ 24,682,484
2016	21,992,264	2,121,066	24,113,330
2017	22,194,651	2,130,688	24,325,339
2018	22,975,871	2,303,975	25,279,846
2019	27,428,145	2,288,140	29,716,285
2020	27,518,843	2,669,843	30,188,686
2021	28,083,417	2,567,686	30,651,103
2022	27,361,634	2,645,894	30,007,528
2023	26,431,547	2,363,895	28,795,442
2024	33,701,489	2,149,997	35,851,486

Note: Delinquent taxes receivable are written off after seven years.

Source: State of Minnesota School Tax Report

Uncollected Taxes Receivable as of June 30, 2024

Delinquent		Current	
Amount	Percent	Amount	Percent
$ ï	ï %	$ ï	ï %
ï	ï	ï	ï
ï	ï	ï	ï
7,957	0.03	ï	ï
4,269	0.01	ï	ï
8,715	0.03	ï	ï
68,029	0.22	ï	ï
66,807	0.22	ï	ï
144,233	0.50	ï	ï
ï	ï	18,562,962	51.78
$ 300,010		$ 18,562,962	

INDEPENDENT SCHOOL DISTRICT NO. 197

Students Served
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM) (for Students Served or Tuition Paid)					Total Pupil Units
	Pre-Kindergarten	Kindergarten	Elementary	Secondary	Total	
2015	56	427	2,308	2,102	4,893	5,313
2016	51	401	2,364	2,097	4,913	5,333
2017	57	404	2,339	2,192	4,992	5,430
2018	77	433	2,408	2,186	5,104	5,542
2019	88	389	2,474	2,224	5,175	5,620
2020	85	418	2,457	2,276	5,236	5,691
2021	83	349	2,349	2,252	5,033	5,484
2022	92	414	2,222	2,262	4,990	5,443
2023	97	390	2,295	2,258	5,040	5,492
2024	106	392	2,320	2,404	5,222	5,703

Note 1: Student enrollment numbers are estimated for the most recent fiscal year.

Note 2: ADM is weighted as follows in computing pupil units:

	Pre-Kindergarten	Half-Day Kindergarten	Full-Day Kindergarten	Elementary 1ï 6	Secondary 7ï 12+
Fiscal 2015 through 2024	1.000	0.550	1.000	1.000	1.200

Source: Minnesota Department of Education student reporting system

SINGLE AUDIT AND OTHER REQUIRED REPORTS

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INDEPENDENT SCHOOL DISTRICT NO. 197

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN	Federal Expenditures	
U.S. Department of Agriculture			
Passed through Minnesota Department of Education			
Child nutrition cluster			
National School Lunch Program	10.555	$ 1,910,536	
Summer Food Service Program for Children	10.559	116,382	
School Breakfast Program	10.553	527,857	
Total child nutrition cluster			$ 2,554,775
U.S. Department of Education			
Direct			
Indian Education Grants to Local Educational Agencies	84.060		18,929
Passed through Minnesota Department of Education			
Title I Grants to Local Educational Agencies	84.010		639,884
Special education cluster			
Special Education Grants to States	84.027	1,745,888	
Special Education Preschool Grants	84.173	43,939	
Total special education cluster			1,789,827
Special Education ï Grants for Infants and Families	84.181		131,743
English Language Acquisition State Grants	84.365		139,709
Supporting Effective Instruction State Grants	84.367		167,804
Education Stabilization Fund			
COVID-19 ï American Rescue Plan ï Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	458,372	
COVID-19 ï American Rescue Plan ï Elementary and Secondary School Emergency Relief ï Homeless Children and Youth Fund	84.425W	4,642	
Total ALN 84.425			463,014
Passed through Intermediate School District No. 917			
Career and Technical Education ï Basic Grants to States	84.048		1,465
Total federal awards			$ 5,907,150

Note 1: The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the OMBôs *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.* Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the Districtôs basic financial statements.

Note 2: All pass-through entities listed above use the same federal Assistance Listing Numbers (ALN) as the federal grantors to identify these grants, and have not assigned any additional identifying numbers.

Note 3: The District did not elect to use the 10 percent de minimis indirect cost rate.

Note 4: The District had $299,294 of noncash assistance included in the National School Lunch Program, federal ALN 10.555.

Note 6: The District transferred $41,513 into Supporting Effective Instruction State Grants (federal ALN 84.367) from other Title programs.

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INDEPENDENT AUDITORôS 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 School Board and Management of
Independent School District No. 197
West St. Paul ï Mendota Heights ï Eagan, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 197 (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Districtôs basic financial statements, and have issued our report thereon dated October 9, 2025.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Districtôs 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 Districtôs internal control. Accordingly, we do not express an opinion on the effectiveness of the Districtôs internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Districtôs financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as findings 2024-001, 2024-002, 2024-003, 2024-004, and 2024-005 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

(continued)

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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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Districtôs 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*.

DISTRICTôS RESPONSES TO FINDINGS

Government Auditing Standards requires the auditor to perform limited procedures on the Districtôs responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Districtôs responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 Districtôs internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Districtôs internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

LB Carlson, LLP

LB CARLSON, LLP
Minneapolis, Minnesota

October 9, 2025

LB | CARLSON

INDEPENDENT AUDITORôS REPORT ON COMPLIANCE FOR

EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL

OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the School Board and Management of
Independent School District No. 197
West St. Paul ï Mendota Heights ï Eagan, Minnesota

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

OPINION ON EACH MAJOR FEDERAL PROGRAM

We have audited Independent School District No. 197ôs (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of the Districtôs major federal programs for the year ended June 30, 2024. The Districtôs major federal programs are identified in the Summary of Audit 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 direct and material effect on each of its major programs for the year ended June 30, 2024.

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; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; 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 Auditorôs Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other 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 each major federal program. Our audit does not provide a legal determination of the Districtôs compliance requirements referred to above.

(continued)

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RESPONSIBILITIES OF MANAGEMENT FOR COMPLIANCE

Management is responsible for compliance with the requirements referred to on the previous page 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 Districtôs 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 on the previous page occurred, whether due to fraud or error, and express an opinion on the Districtôs 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 generally accepted auditing standards, *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 on the previous page is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Districtôs compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment 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 Districtôs compliance with the compliance requirements referred to on the previous page and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Districtôs 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 purpose of expressing an opinion on the effectiveness of the Districtôs 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.

OTHER MATTERS

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance, and which are described in the accompanying Schedule of Findings and Questioned Costs as finding 2024-007. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Districtôs responses to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The Districtôs responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

(continued)

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Our consideration of internal control over compliance was for the limited purpose described in the Auditorôs Responsibilities for the Audit of Compliance section on the previous page, 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify one deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as finding 2024-006 to be a significant deficiency.

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.

Government Auditing Standards require the auditor to perform limited procedures on the Districtôs response to the internal control over compliance finding identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The Districtôs response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

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.

Respectfully submitted,



LB CARLSON, LLP
Minneapolis, Minnesota

October 9, 2025

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INDEPENDENT AUDITORôS REPORT

ON MINNESOTA LEGAL COMPLIANCE

To the School Board and Management of
Independent School District No. 197
West St. Paul ï Mendota Heights ï Eagan, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 197 (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Districtôs basic financial statements, and have issued our report thereon dated October 9, 2025.

MINNESOTA LEGAL COMPLIANCE

In connection with our audit, we noted that the District failed to comply with provisions of the public indebtedness, 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 Minnesota Statutes Ä 6.65, insofar as they relate to accounting matters as described in the Schedule of Findings and Questioned Costs as findings 2024-008, 2024-009, and 2024-010. Also, in connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the claims and disbursements, contracting ï bid laws, depositories of public funds and public investments, and conflicts of interest sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, 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 Districtôs noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

DISTRICTôS RESPONSES TO FINDINGS

Government Auditing Standards requires the auditor to perform limited procedures on the Districtôs responses to the legal compliance findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Districtôs responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

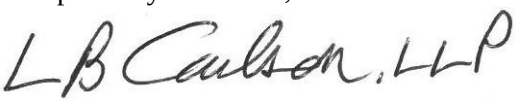
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PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



LB CARLSON, LLP
Minneapolis, Minnesota

October 9, 2025

INDEPENDENT SCHOOL DISTRICT NO. 197

Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

A. SUMMARY OF AUDIT RESULTS

This summary is formatted to provide federal granting agencies and pass-through agencies answers to specific questions regarding the audit of federal awards.

Financial Statements

What type of auditorôs report is issued?	**X** Unmodified ____ Qualified ____ Adverse ____ Disclaimer	
Internal control over financial reporting:		
Material weakness(es) identified?	**X** Yes	____ No
Significant deficiencies identified?	____ Yes	**X** None reported
Noncompliance material to the financial statements noted?	____ Yes	**X** No

Federal Awards

Internal controls over major federal award programs:		
Material weakness(es) identified?	____ Yes	**X** No
Significant deficiencies identified?	**X** Yes	____ None reported
Type of auditorôs report issued on compliance for major programs? U.S. Department of Agriculture ï Child Nutrition Cluster		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	**X** Yes	____ No

Programs tested as major programs:

Program or Cluster	Federal ALN
U.S. Department of Agriculture ï Child Nutrition Cluster	
National School Lunch Program	10.555
Summer Food Service Program for Children	10.559
School Breakfast Program	10.553

Threshold for distinguishing type A and B programs.	$ 750,000	
Does the auditee qualify as a low-risk auditee?	**X** Yes	____ No

B. FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESS IN INTERNAL CONTROL OVER FINANCIAL REPORTING

2024-001 Material Audit Adjustment

Criteria ï Management is responsible for establishing and maintaining effective internal controls. These controls include the responsibility for preparation, or oversight of the preparation, of the financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition ï During our audit, we proposed audit adjustments necessary to record adjustments to cash and self-insured medical plan activity of Independent School District No. 197, (the District) that were considered material to the financial statements, which had not been recorded properly in accordance with accounting principles generally accepted in the United States of America, prior to our audit procedures detecting the misstatements. Auditing standards consider the identification by the auditor of a potentially material misstatement in the financial statements to be a material weakness in the related internal controls.

Questioned Costs ï Not applicable.

Context ï Our audit testing identified material amounts of cash and self-insured medical plan activity that required adjustment, affecting several opinion units.

Repeat Finding ï This is a current year finding.

Cause ï This condition was primarily caused by the turnover of key district personnel in the finance department with responsibility for identifying and recording cash and self-insured medical plan activity during the year-end financial closing process.

Effect ï This condition may have resulted in material misstatements to the Districtôs financial statements for the 2024 fiscal year if uncorrected.

Recommendation ï We recommend that the District ensure that its personnel are adequately trained to identify and record all material cash and self-insurance medical plan activity, in its internal accounting records at year-end, and accurately report them in its external financial statements.

View of Responsible Official and Planned Corrective Actions ï There is no disagreement with the audit finding. District management will continue to review its internal control procedures and training to ensure that all cash and self-insured medical plan activity are appropriately identified and recorded in its internal accounting records at year-end, and accurately reported in its external financial statements going forward. The District has separately issued a Corrective Action Plan related to this finding.

B. FINANCIAL STATEMENT FINDINGS (CONTINUED)

MATERIAL WEAKNESS IN INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)

2024-002 Regulatory Reporting Deadlines

Criteria ï Management is responsible for establishing and maintaining effective internal controls, which includes maintaining adequate internal financial records to facilitate the preparation and timely submission of audited financial data and annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America to comply with applicable federal and state regulatory reporting requirements.

Condition ï For the year ended June 30, 2024, the Districtôs internal controls over financial reporting were not adequate to ensure that the Districtôs financial records and year-end closing process were completed in a timely manner. As a result, the District was unable to comply with state and federal deadlines for the submission of audited financial data and annual financial statements.

Questioned Costs ï Not applicable.

Context ï For the year ended June 30, 2024, the District was not able to comply with Minnesota statutory requirements to report accurate audited financial data to the Minnesota Department of Education by November 30, 2024, and to submit audited financial statements by December 31, 2024. In addition, the District was unable to comply with federal reporting requirements for submitting an audited Schedule of Expenditures of Federal Awards and federal reporting package to federal oversight authorities by the March 31, 2025 deadline.

Repeat Finding ï This is a current year finding.

Cause ï This condition was primarily caused by the turnover of key district personnel within the Districtôs finance department.

Effect ï This condition resulted in the District being unable to comply with several external regulatory reporting requirements and deadlines for the year ended June 30, 2024. This condition also had a negative impact on the quality and timeliness of financial information available to the School Board and management.

Recommendation ï We recommend that the District ensure that in the future its finance department has adequate personnel and resources to facilitate the preparation and timely submission of audited financial data and annual financial statements in compliance with state and federal regulatory requirements.

View of Responsible Official and Planned Corrective Actions ï There is no disagreement with the audit finding. The District has continued to work to fill openings in its finance department with qualified individuals in order to improve the timeliness of both its internal and external financial reporting going forward. The District has separately issued a Corrective Action Plan related to this finding.

B. FINANCIAL STATEMENT FINDINGS (CONTINUED)

MATERIAL WEAKNESS IN INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)

2024-003 Accuracy of Cash Reconciliations

Criteria ï Internal controls over financial reporting are intended to allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. To be effective, control procedures such as periodic and year-end account and subledger reconciliations must be performed regularly, accurately, and in a timely manner.

Condition ï During our audit, we noted that the monthly cash reconciliations prepared by the Districtôs staff were not being performed correctly due to journal entry errors. The effectiveness of some internal controls were diminished, due to a lack of accuracy in completing this important control procedure.

Questioned Costs ï Not applicable.

Context ï Monthly bank reconciliations were not completed accurately at times throughout the fiscal year.

Repeat Finding ï This is a current year finding.

Cause ï This condition was primarily caused by turnover of key district personnel within the Districtôs finance department.

Effect ï This condition subjects the District to a higher risk that misstatements could occur, due to errors or fraud, and not be prevented or detected in a timely manner.

Recommendation ï We recommend that district management review the internal controls over cash, as designed, and verify that monthly cash reconciliations are completed timely and accurately by the staff.

View of Responsible Official and Planned Corrective Actions ï The District agrees with the finding. District management will continue to review its internal control procedures to ensure monthly cash reconciliations are accurately completed in a timely manner going forward. The District has separately issued a Corrective Action Plan related to this finding.

B. FINANCIAL STATEMENT FINDINGS (CONTINUED)

MATERIAL WEAKNESS IN INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)

2024-004 Controls Over Self-Insured Plan Expenses

Criteria ï Internal controls over financial reporting are intended to allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. To be effective, control procedures such as gathering documentation of self-insured plan expenses, reviewing invoices for approval, and validating expenses are from plan participants must be performed regularly, accurately, and in a timely manner.

Condition ï During our audit, we noted that the control procedures such as gathering documentation of self-insured plan expenses, reviewing invoices for approval, and validating expenses are for current plan participants were not being performed. The effectiveness of some internal controls were diminished, due to a lack of completion of these important control procedures.

Questioned Costs ï Not applicable.

Context ï Gathering documentation of self-insured plan expenses, reviewing invoices for approval, and validating expenses are for current plan participants were not performed regularly, accurately, and in a timely manner during the fiscal year.

Repeat Finding ï This is a current year finding.

Cause ï Due to turnover in the Districtôs finance department.

Effect ï This condition subjects the District to a higher risk that misstatements could occur, due to errors or fraud, and not be prevented or detected in a timely manner.

Recommendation ï We recommend that district management review the internal controls over self-insured plan expenses, as designed, and verify that these control procedures are completed timely and accurately by the staff.

View of Responsible Official and Planned Corrective Actions ï The District agrees with the finding. District management will review its internal control procedures to ensure self-insured plan expense related internal control procedures are being performed accurately and in a timely manner going forward. The District has separately issued a Corrective Action Plan related to this finding.

B. FINANCIAL STATEMENT FINDINGS (CONTINUED)

MATERIAL WEAKNESS IN INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)

2024-005 Segregation of Duties

Criteria ï Generally, a system of internal control contemplates a segregation of duties such that no individual has responsibility to execute a transaction, has physical access to the related assets, and has responsibility or authority to record the transaction.

Condition ï Due to the limited size of the Districtôs office staff, the District has limited segregation of duties in several areas. These areas include cash receipts, cash disbursements, bank reconciliations, investment accounting, and payroll.

Questioned Costs ï Not applicable.

Context ï In planning and performing our audit, we considered the Districtôs internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements.

Repeat Finding ï This is a current and prior year finding.

Cause ï The internal controls over cash receipts, cash disbursements, bank reconciliations, investment accounting, and payroll are not properly segregated.

Effect ï This lack of ideal segregation of duties subjects the District to a higher risk that errors or fraud could occur and not be detected in a timely manner.

Recommendation ï We recommend that the District segregate duties as best it can within the limits of the staff available. Any modifications in internal controls in this area should be viewed from a cost-benefit perspective.

View of Responsible Official and Planned Corrective Actions ï The District agrees with the finding and has separately issued a Corrective Action Plan related to this finding.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE ï U.S. DEPARTMENT OF AGRICULTURE, PASSED THROUGH MINNESOTA DEPARTMENT OF EDUCATION, CHILD NUTRITION CLUSTER ï FEDERAL ALN 10.555, 10.559, AND 10.553

2024-006 Internal Control Over Compliance With Federal Suspension and Debarment Requirements

Criteria ï 2 CFR Ä180 requires the District to establish and maintain effective internal control over compliance with requirements applicable to federal program expenditures, including suspension and debarment requirements applicable to the child nutrition cluster.

Condition ï During our audit, we noted the District did not have sufficient controls in place within its child nutrition cluster to assure that it was not contracting for goods or services with parties that are suspended or debarred, or whose principals are suspended or debarred from participating in contracts involving the expenditures of federal program funds.

Questioned Costs ï None. Our testing did not indicate any instances of noncompliance with these requirements.

Context ï The District did not obtain the appropriate documentation for seven of seven vendors tested applicable to the child nutrition cluster to ensure the vendors were not suspended or debarred from participation in federal program contracts. This was not a statistically valid sample.

Repeat Finding ï This is a current and prior year finding.

Cause ï This was an oversight by district personnel.

Effect ï Noncompliance with the suspension and debarment requirements could result in the District expending federal funds with vendors that are not eligible to be parties to such transactions, which could be viewed as a violation of the award agreement.

Recommendation ï We recommend that the District review its internal control procedures relating to suspension and debarment for the child nutrition cluster federal programs. Internal controls over compliance for this area should include verification that any vendor with which the District contracts for goods or services exceeding $25,000 is not listed as suspended or debarred on the federal Excluded Parties List System website.

View of Responsible Official and Planned Corrective Actions ï The District agrees with the finding. The District will review and update its policies and procedures relating to suspension and debarment for its federal programs to ensure compliance with the Uniform Guidance in the future. The District has separately issued a Corrective Action Plan related to this finding.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

REPORTABLE NONCOMPLIANCE WITH FEDERAL REPORTING REQUIREMENTS ï ALL FEDERAL PROGRAMS AWARDED UNDER THE UNIFORM GUIDANCE

2024-007 Federal Reporting Deadline

Criteria ï 2CFR Part 200, Subpart F, Ä200.512(a)(1) requires the Districtôs audited Schedule of Expenditures Federal Awards (SEFA) and federal reporting package to be submitted to the federal audit clearinghouse within the earlier of 30 calendar days after the receipt of the auditorôs report(s), or 9 months after the end of the audit period.

Condition ï The Districtôs audited SEFA and federal reporting package for the fiscal year ended June 30, 2024, were not submitted to the federal audit clearinghouse within nine months after the end of the audit period.

Questioned Costs ï Not applicable.

Context ï The Districtôs audited SEFA and federal reporting package for the fiscal year ended June 30, 2024, were not submitted to the federal audit clearinghouse by the federal reporting deadline.

Repeat Finding ï This is a current year finding.

Cause ï The completion of the Districtôs audited annual financial statements for the year ended June 30, 2024, which is a required component of the federal reporting package, was delayed beyond the nine-month deadline.

Effect ï The delay in the completion of the Districtôs financial audit for the year ended June 30, 2024, prevented the submission of the required information to the federal audit clearinghouse in a timely manner.

Recommendation ï We recommend the District ensure the timely submission of its audited SEFA and federal reporting package to the federal audit clearinghouse in the future.

View of Responsible Official and Planned Corrective Actions ï There is no disagreement with the audit finding. District management will ensure that all information required to comply with federal reporting requirements will be completed and submitted in a timely manner going forward. The District has separately issued a Corrective Action Plan related to this finding.

D. MINNESOTA LEGAL COMPLIANCE FINDINGS

2024-008 Unclaimed Property Report

Criteria ï Minnesota Statutes Ä345.41 and Ä345.43.

Condition ï Minnesota Statutes require unclaimed property held for more than three years (or one year for unpaid compensation) to be reported and paid or delivered to the state Commissioner of Commerce each year. This requirement was not met by the District for the current audit year.

Questioned Costs ï Not applicable.

Context ï The District did not file the unclaimed property report to the state Commissioner of Commerce in the current audit year.

Repeat Finding ï This is a current year finding.

Cause ï This was an oversight by district personnel.

Effect ï The District was not in compliance with state unclaimed property requirements.

Recommendation ï We recommend that the District comply with state statutory unclaimed property requirements in the future.

View of Responsible Official and Planned Corrective Actions ï The District agrees with the finding. The District will review its procedures relating to unclaimed property laws to ensure compliance in the future. The District has separately issued a Corrective Action Plan related to this finding.

D. MINNESOTA LEGAL COMPLIANCE FINDINGS (CONTINUED)

2024-009 Outstanding Indebtedness Report

Criteria ï Minnesota Statutes Ä471.70.

Condition ï Minnesota Statutes require the total amount of outstanding obligations and the purpose for which issued to be reported each year on or before February 1st to the auditor of each county. This requirement was not met by the District for the current audit year.

Questioned Costs ï Not applicable.

Context ï The District did not file the outstanding indebtedness report to the county auditor in a timely manner.

Repeat Finding ï This is a current year finding.

Cause ï This was an oversight by district personnel.

Effect ï The District was not in compliance with state public indebtedness reporting requirements.

Recommendation ï We recommend that the District comply with state statutory public indebtedness reporting requirements in the future.

View of Responsible Official and Planned Corrective Actions ï The District agrees with the finding. The District will review its procedures relating to public indebtedness laws to ensure compliance in the future. The District has separately issued a Corrective Action Plan related to this finding.

D. MINNESOTA LEGAL COMPLIANCE FINDINGS (CONTINUED)

2024-010 Timely Submission of Audited Financial Statements

Criteria ï Minnesota Statutes Ä 6.65, 123B.77, Subd. 3, requires that the District submit audited fund balance, revenue, and expenditure data to the Minnesota Department of Education (MDE) annually by November 30, and audited financial statements by December 31.

Condition ï The District did not meet the deadlines for submitting audited financial data and statements to the MDE for the fiscal year ended June 30, 2024.

Questioned Costs ï Not applicable.

Context ï The Districtôs audited financial data and statements for the fiscal year ended June 30, 2024, were not submitted to the MDE on a timely basis.

Repeat Finding ï This is a current year finding.

Cause ï Completion of the Districtôs audited annual financial statements for the year ended June 30, 2024, was delayed due to turnover in key district personnel in the finance department.

Effect ï The District was not in compliance with state submission deadline requirements.

Recommendation ï We recommend that the District comply with state statutory submission requirements in the future.

View of Responsible Official and Planned Corrective Actions ï There is no disagreement with the audit finding. District management will ensure compliance with statutory reporting requirements in the future. The District has separately issued a Corrective Action Plan related to this finding.

INDEPENDENT SCHOOL DISTRICT NO. 197

Uniform Financial Accounting and Reporting Standards
Compliance Table
June 30, 2024

		Audit	UFARS	Audit ï UFARS
General Fund				
Total revenue		$ 90,869,306	$ 90,981,705	$ (112,399)
Total expenditures		$ 93,974,882	$ 92,566,640	$ 1,408,242
Nonspendable				
460	Nonspendable fund balance	$ 491,402	$ 491,402	$ ï
Restricted				
401	Student activities	$ 164,157	$ 164,157	$ ï
402	Scholarships	$ ï	$ ï	$ ï
403	Staff development	$ 271,019	$ 271,019	$ ï
407	Capital projects levy	$ ï	$ ï	$ ï
408	Cooperative revenue	$ ï	$ ï	$ ï
412	Literacy incentive aid	$ 260,361	$ ï	$ 260,361
414	Operating debt	$ ï	$ ï	$ ï
416	Levy reduction	$ ï	$ ï	$ ï
417	Taconite building maintenance	$ ï	$ ï	$ ï
420	American Indian education aid	$ ï	$ ï	$ ï
424	Operating capital	$ 84,577	$ 84,577	$ ï
426	$25 taconite	$ ï	$ ï	$ ï
427	Disabled accessibility	$ ï	$ ï	$ ï
428	Learning and development	$ ï	$ ï	$ ï
434	Area learning center	$ ï	$ ï	$ ï
435	Contracted alternative programs	$ ï	$ ï	$ ï
436	State approved alternative program	$ ï	$ ï	$ ï
438	Gifted and talented	$ ï	$ ï	$ ï
439	English learner	$ ï	$ ï	$ ï
440	Teacher development and evaluation	$ ï	$ ï	$ ï
441	Basic skills programs	$ ï	$ ï	$ ï
443	School library aid	$ 86,666	$ ï	$ 86,666
448	Achievement and integration	$ ï	$ ï	$ ï
449	Safe schools levy	$ ï	$ ï	$ ï
451	QZAB payments	$ ï	$ ï	$ ï
452	OPEB liability not in trust	$ ï	$ ï	$ ï
453	Unfunded severance and retirement levy	$ ï	$ ï	$ ï
459	Basic skills extended time	$ ï	$ ï	$ ï
467	Long-term facilities maintenance	$ 1,690,653	$ 2,365,281	$ (674,628)
471	Student support personnel	$ ï	$ ï	$ ï
472	Medical Assistance	$ 507,208	$ 507,208	$ ï
464	Restricted fund balance	$ ï	$ 31,454	$ (31,454)
475	Title VII ï impact aid	$ ï	$ ï	$ ï
476	PILT	$ ï	$ ï	$ ï
Committed				
418	Committed for separation	$ ï	$ ï	$ ï
461	Committed fund balance	$ ï	$ ï	$ ï
Assigned				
462	Assigned fund balance	$ ï	$ ï	$ ï
Unassigned				
422	Unassigned fund balance	$ 2,338,739	$ 2,845,000	$ (506,261)
Food Service				
Total revenue		$ 4,661,727	$ 4,661,726	$ 1
Total expenditures		$ 4,321,094	$ 4,321,092	$ 2
Nonspendable				
460	Nonspendable fund balance	$ 44,491	$ 44,492	$ (1)
Restricted				
452	OPEB liability not in trust	$ ï	$ ï	$ ï
464	Restricted fund balance	$ 662,398	$ 662,397	$ 1
Unassigned				
463	Unassigned fund balance	$ ï	$ ï	$ ï
Community Service				
Total revenue		$ 5,233,660	$ 5,233,658	$ 2
Total expenditures		$ 5,153,497	$ 5,153,496	$ 1
Nonspendable				
460	Nonspendable fund balance	$ ï	$ ï	$ ï
Restricted				
426	$25 taconite	$ ï	$ ï	$ ï
431	Community education	$ 99,420	$ 99,420	$ ï
432	ECFE	$ 58,352	$ 58,352	$ ï
440	Teacher development and evaluation	$ ï	$ ï	$ ï
444	School readiness	$ 12,830	$ 12,830	$ ï
447	Adult basic education	$ ï	$ ï	$ ï
452	OPEB liability not in trust	$ ï	$ ï	$ ï
464	Restricted fund balance	$ 740,588	$ 740,588	$ ï
Unassigned				
463	Unassigned fund balance	$ ï	$ ï	$ ï

INDEPENDENT SCHOOL DISTRICT NO. 197

Uniform Financial Accounting and Reporting Standards
Compliance Table (continued)
June 30, 2024

		Audit	UFARS	Audit ï UFARS
Building Construction				
Total revenue		$ 44,042	$ 44,042	$ ï
Total expenditures		$ 1,619,848	$ 2,294,476	$ (674,628)
Nonspendable				
460	Nonspendable fund balance	$ ï	$ ï	$ ï
Restricted				
407	Capital projects levy	$ ï	$ ï	$ ï
413	Projects funded by COP	$ ï	$ ï	$ ï
467	Long-term facilities maintenance	$ ï	$ (674,628)	$ 674,628
464	Restricted fund balance	$ ï	$ ï	$ ï
Unassigned				
463	Unassigned fund balance	$ ï	$ ï	$ ï
Debt Service				
Total revenue		$ 9,781,276	$ 9,781,275	$ 1
Total expenditures		$ 10,204,673	$ 10,204,673	$ ï
Nonspendable				
460	Nonspendable fund balance	$ ï	$ ï	$ ï
Restricted				
425	Bond refundings	$ ï	$ ï	$ ï
433	Maximum effort loan	$ ï	$ ï	$ ï
451	QZAB payments	$ ï	$ ï	$ ï
467	Long-term facilities maintenance	$ ï	$ ï	$ ï
464	Restricted fund balance	$ 1,996,077	$ 1,996,077	$ ï
Unassigned				
463	Unassigned fund balance	$ ï	$ ï	$ ï
Trust				
Total revenue		$ ï	$ ï	$ ï
Total expenditures		$ ï	$ ï	$ ï
401	Student activities	$ ï	$ ï	$ ï
402	Scholarships	$ ï	$ ï	$ ï
422	Net position	$ ï	$ ï	$ ï
Custodial				
Total revenue		$ 4,133	$ ï	$ 4,133
Total expenditures		$ 2,653	$ ï	$ 2,653
401	Student activities	$ ï	$ ï	$ ï
402	Scholarships	$ ï	$ ï	$ ï
448	Achievement and integration	$ ï	$ ï	$ ï
464	Restricted	$ 31,454	$ ï	$ 31,454
Internal Service				
Total revenue		$ 14,079,141	$ 13,948,727	$ 130,414
Total expenditures		$ 15,333,231	$ 14,780,481	$ 552,750
422	Net position	$ 111,901	$ 534,237	$ (422,336)
OPEB Revocable Trust Fund				
Total revenue		$ ï	$ ï	$ ï
Total expenditures		$ ï	$ ï	$ ï
422	Net position	$ ï	$ ï	$ ï
OPEB Irrevocable Trust Fund				
Total revenue		$ 372,793	$ 372,793	$ ï
Total expenditures		$ 617,290	$ 617,290	$ ï
422	Net position	$ 4,759,051	$ 4,759,051	$ ï
OPEB Debt Service Fund				
Total revenue		$ ï	$ ï	$ ï
Total expenditures		$ ï	$ ï	$ ï
Nonspendable				
460	Nonspendable fund balance	$ ï	$ ï	$ ï
Restricted				
425	Bond refundings	$ ï	$ ï	$ ï
464	Restricted fund balance	$ ï	$ ï	$ ï
Unassigned				
463	Unassigned fund balance	$ ï	$ ï	$ ï

Note 1: Statutory restricted deficits, if any, are reported in unassigned fund balances in the financial statements in accordance with accounting principles generally accepted in the United States of America.

Note 2: The District reported audit adjustments to numerous accounting codes after submission of the final UFARS compliance table for the fiscal year which caused the differences between the Audit and UFARS columns in this table.

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