Financial Statements
June 30, 2024

Independent School District No. 717

Jordan, Minnesota

INTRODUCTORY SECTION

FINANCIAL SECTION

Name	Position	Term Expires
School Board		
Deb Pauly	Chairperson	2026
Sara Lehnen	Vice Chairperson	2024
Jenny Kusske	Clerk	2024
Rob Langheim	Treasurer	2026
Corinne Hennen	Director	2024
Lauren Pedersen	Director	2024
Molly Monyok	Director	2024
Administration		
Ranae Case Evenson	Superintendent	
Amy Hafemann	Finance Director	

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The School Board of
Independent School District No. 717
Jordan, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 717 ("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 accompanying 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 the respective 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States *(Government Auditing Standards)*. 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.

111 S. 2nd St., Ste. 300 | Mankato, MN 56001-5803 | T 507.387.6031 | F 507.387.6436 | EOE

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; schedule of changes in the District's total OPEB liability and related ratios; schedule of funding progress; schedule of employer's share of net pension liability; and schedule of employer's contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of changes in UFARS fund balances-general fund; combining balance sheet – nonmajor governmental funds; combining schedule of revenues, expenditures, and changes in fund balances – nonmajor governmental funds; uniform financial accounting and reporting standards compliance table; and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of changes in UFARS fund balances-general fund; combining balance sheet – nonmajor governmental funds; combining schedule of revenues, expenditures, and changes in fund balances – nonmajor governmental funds; uniform financial accounting and reporting standards 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 list of elected school officials and administration but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with Legal Compliance Audit Guide prepared by the Office of the State Auditor pursuant to Minn. Stat. §6.65, we have also issued a report dated November 26, 2024 on our consideration of the District's compliance with aspects of the provisions of the Minnesota Legal Compliance Audit Guide for School Districts. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not directed primarily toward obtaining knowledge of noncompliance. That report is an integral part of procedures performed in accordance with Office of the State Auditor's Minnesota Legal Compliance Audit Guide for School Districts in considering the District's compliance with certain regulatory requirements pursuant to Minn. Stat. §6.65.

Eide Bailly LLP

Mankato, Minnesota
November 26, 2024

INDEPENDENT SCHOOL DISTRICT #717
JORDAN PUBLIC SCHOOLS
JORDAN, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024

This section of Independent School District No. 717 – Jordan Public Schools' annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2024. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

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

- Overall government-wide revenues were $36,818,530, while overall expenses totaled $33,851,408, resulting in an ending net position of $1,008,891. Also included in the government-wide statements is a net $16,856,583 of deferred outflows, deferred inflows, and liabilities related to OPEB and net pension liability. Excluding the reporting of those, ending net position would be $17,865,474.
- The district's overall fund balance (includes all funds – 01, 02, 04, 06, 07, and 27) increased by $26,787,995. This is due primarily to the issuance of General Obligation School Building Bonds, Series 2023A during the current year.
- The District's net outstanding long-term liabilities increased by $34,625,463, or 106.34 percent.

OVERVIEW OF THE FINANCIAL STATEMENTS

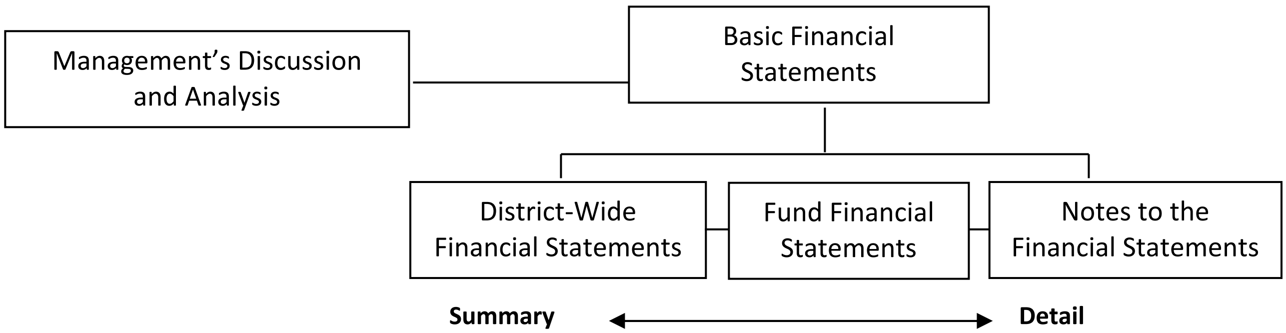
The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information, which includes the management's discussion and analysis (this section), the basic financial statements, and other required reports. The basic financial statements include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

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's overall financial status.
- The remaining statements are *fund-financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The diagram below shows how the various parts of this annual report are arranged and relate to one another.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain, are summarized below. The remainder of the overview section of the MD&A highlights the structure and content of each of the statements.



Fund Financial Statements			
	District Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	•Statement of Net Position •Statement of Activities	•Balance Sheet •Statement of Revenues, Expenditures, and Changes in Fund Balances	•Statement of fiduciary net position
Accounting basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Statements

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

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

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

- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

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

Fund Financial Statements

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

The District has three kinds of funds:

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

Internal Service funds – The District's internal service funds are used to report and account for the District's self-insured dental plan. These funds are accounted for in a separate section in the audit report to provide accounting methods similar to those used by private sector companies. Consequently, the internal service funds statements provide a short-term view that helps to determine whether their programs are beneficial to the members.

Fiduciary funds – The District is the trustee, or fiduciary, for assets that belong to others, such as the custodial fund which is held for food shelf and backpack program. 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. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (DISTRICT-WIDE FINANCIAL STATEMENTS)

Net Position

The District's net position was $1,008,891 on June 30, 2024. This represents an increase when compared to the $1,958,231 deficit balance on June 30, 2023.

Statement of Net Position
June 30, 2024 and 2023

	2024	2023
Assets		
Current assets	$ 49,426,273	$ 15,614,639
Capital assets	52,839,107	42,187,410
Total assets	102,265,380	57,802,049
Deferred Outflows of Resources	4,022,469	5,363,461
Liabilities		
Other liabilities	9,353,263	3,080,091
Long-term liabilities	85,878,769	51,920,312
Total liabilities	95,232,032	55,000,403
Deferred Inflows of Resources	10,046,926	10,123,338
Net Position (Deficit)		
Net investment in capital assets	13,498,971	10,778,234
Restricted for specific purposes	28,934,560	3,755,165
Unrestricted	(41,424,640)	(16,491,630)
Total net position (deficit)	$ 1,008,891	$ (1,958,231)

Statement of Activities
Years Ended June 30, 2024 and 2023

	2024	2023
Revenues		
Program revenues		
Charges for service	$ 2,935,379	$ 2,457,127
Operating grants and contributions	6,669,161	5,542,279
Capital grants and contributions	2,568,805	328,073
General		
Property taxes	5,830,250	5,755,033
Aids and payments from state and other	16,312,697	14,877,569
Miscellaneous revenues	2,502,238	1,121,042
Total revenues	36,818,530	30,081,123
Expenses		
Administration	1,261,853	1,244,419
District support services	835,402	753,240
Regular instruction	10,372,803	6,597,932
Vocational instruction	451,488	428,775
Special education instruction	5,578,971	4,852,896
Community education and services	1,869,557	1,770,817
Instructional support services	945,115	872,897
Pupil support services	3,396,826	3,023,404
Sites and buildings	4,719,904	3,665,019
Fiscal and other fixed-cost programs	4,419,489	-
Total expenses	33,851,408	23,209,399
Change in Net Position	2,967,122	6,871,724
Net Deficit - Beginning	(1,958,231)	(8,829,955)
Net Position - Ending	$ 1,008,891	$ (1,958,231)

Changes in Net Position. The District's total revenues were $36,818,530 for the year ended June 30, 2024. Unallocated federal and state aid along with property taxes accounted for 60.14 percent of the total revenue for the year. Operating and capital grants and contributions for specific programs contributed 25.09 percent and the remaining revenue was from fees charged for services and miscellaneous sources.

The total cost of all programs and services was $33,851,408. The District's expenses are predominantly related to student education and student educational support, 66.81 percent. The District's administrative activities accounted for 3.73 percent of the total costs. Total expenses were less than total revenues, increasing the net position $2,967,122 from last year.

General Fund

The General Fund includes the primary operations of the District in providing educational services to students from kindergarten through grade 12, including pupil transportation activities, buildings and grounds, and capital outlay projects.

The following schedule presents a summary of General Fund Revenues.

	Year Ended June 30,			
	2024	2023	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local property taxes	$ 2,635,253	$ 2,584,526	$ 50,727	1.96%
Other local and county sources	1,092,128	924,476	167,652	18.13%
State sources	20,459,101	18,455,130	2,003,971	10.86%
Federal sources	1,080,808	1,263,865	(183,057)	-14.48%
Interest earnings	226,048	151,994	74,054	48.72%
Total General Fund revenues	$ 25,493,338	$ 23,379,991	$ 2,113,347	9.04%

Total General Fund revenue increased by $2,113,347 or 9.04% from the previous year.

Basic general education revenue is determined by a state per student funding formula and consists of an equalized mix of property tax and state aid revenue. The mix of property tax and state aid can change significantly from year to year without any net change on revenue.

The increase in revenue is due to a 4% increase in the state funding formula from $6,863/ Adj ADM to $7,138/Adj ADM. Other attributing factors are an increase in interest earnings revenue, ERate funds received for devices purchased and also an increase in donations the district received for specific purposes.

The following schedule presents a summary of General Fund expenditures.

	Year Ended June 30, 2024	Year Ended June 30, 2023	Amount of Increase (Decrease)	Percent Increase (Decrease)
Salaries and benefits	$ 19,093,630	$ 17,161,241	$ 1,932,389	11.26%
Purchased services	4,183,090	4,189,589	(6,499)	-0.16%
Supplies and materials	841,452	901,437	(59,985)	-6.65%
Capital expenditures	1,769,359	455,960	1,313,399	288.05%
Other expenditures	336,008	362,807	(26,799)	-7.39%
Total General Fund expenditures	$ 26,223,539	$ 23,071,034	$ 3,152,505	13.66%

Total General Fund expenditures increased by $3,152,505 or 13.66% from the previous year. The increase in expenditures is due to the salary and benefits that were negotiated for most groups. Many of the District's contracts (including Jordan Education Association, Paraprofessionals, Administrative Assistants, Confidential Employees and Unaffiliated Directors) expired June 30, 2023. The other major increase was the high school reroof project that began in early spring of 2024. A portion of the that expense was paid for using LTFM dollars that had been previously planned for.

General Fund Budgetary Highlights

The District's general fund results when compared to the final budget are:

- Actual revenues were $519,902 *more than* budget due to slight increases in the General Fund not anticipated at the time of budgeting; included higher interest rate on investments and E-Rate funds being received.

Actual expenditures were $309,796 *more than* budget due to an increase in costs, such as utilities and supplies.

Debt Service Fund

The Debt Service Fund revenues were $3,188,143 and expenditures were $3,142,611, thereby increasing fund balance by $627,088. The increase is a result of an increase in interest earning revenue. The District expected revenue matching debt service expenditures for FY2023-2024.

Capital Project Fund

The Capital Projects Fund incurred an increase in the fund balance for a year end fund balance of $27,477,600. This result is due primarily to issuing $34,990,000 of General Obligation School Building Bonds, Series 2023A.

Other Non-Major Funds

The Food Service Fund incurred an increase in the fund balance of $110,241 for a year end fund balance of $735,916. The fund balance of $26,528 is accounted for in the Nonspendable Fund Balance (the cost of inventory on June 30, 2024). The food service restricted fund balance has a positive balance of $709,388. This increase is due to more students taking advantage of free breakfast and lunch, more ala carte options are being purchased and the food service department doing more catering events for both district activity clubs and other events.

The Community Service Fund incurred a decrease in the fund balance of $86,428 for a year end fund balance of $302,782. The decrease is due to an increase in employee salary and benefits, as well as an increase in costs for needed repairs, supplies, and equipment.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

By the end of fiscal year 2024, the District had invested $81,500,438 in a broad range of capital assets, including school buildings, land, computer and audio-visual equipment, and other equipment for various instructional programs. Total depreciation/amortization expense for the year was $2,201,477. More detailed information about capital assets can be found in the notes to the financial statements.

Capital Assets Governmental Activities
June 30, 2024 and 2023

	2024	2023
Land	$ 1,896,117	$ 1,896,117
Construction in progress	12,072,241	607,395
Buildings	60,627,870	60,609,689
Land improvements	3,786,571	2,864,886
Equipment	3,032,855	2,616,983
Right-to-use assets	84,784	84,784
Accumulated depreciation/amortization	(28,661,331)	(26,492,444)
Total capital assets	$ 52,839,107	$ 42,187,410

Long-Term Debt

At year-end the District had $67,186,480 of long term debt consisting of bonds payable of $63,720,000, bond premium of $2,286,104, bond discount of $58,320, certifications of participation payable $830,000, leases payable of $39,952, severance benefits payable of $241,539 and compensated absences payable of $127,205.

The District has $16,657,945 in net pension liability at June 30, 2024.

The District has $2,034,344 in total OPEB liability at June 30, 2024.

See notes to the financial statements for additional details on the District's long term debt.

Factors Bearing on the District's Future:

- Enrollment continues to be an area of concern weighing on the District's financial future, and will continue to be monitored closely by the District's administration. Since Minnesota school districts are paid on pupil units served, any decline in enrollment results in less revenue. As of November 25, 2024, the District's enrollment is 1,788 students being served in Grades K-12, 80 students participating in VPK (voluntary pre-kindergarten). The district's enrollment remains steady at this time.

- The renovations at the elementary school began the spring of 2024 and will continue into FY2024-2025. The secure entrance at the high school was completed in August 2024

- Labor costs account for over 80% of the District expenses. As costs of benefits continue to skyrocket, it becomes more important during the negotiations of labor contracts that the District be cognizant to this potential unknown long-term liability. The District must continue to follow enrollment trends and maintain a responsible balance between staffing and student enrollment. The District continues to monitor very closely what happens in the State's legislature. The District will also continue to monitor the expenses associated with the state's mandates; those that are partially funded, short term funded or not funded at all (i.e., unemployment and the upcoming Paid Family Leave Act which goes into effect January 1, 2026).

Contacting the District's Financial Management:

This financial report is designed to provide the District's citizens, taxpayers, customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or would like additional information, contact the District Office, ISD No. 717, 500 Sunset Drive, Suite #1, Jordan, Minnesota, 55352.

Independent School District No. 717
Jordan, Minnesota
Statement of Net Position
June 30, 2024

Assets	
Cash and investments	$ 41,379,009
Receivables	
Current property taxes	4,173,157
Delinquent property taxes	32,305
Accounts	62,598
Interest	873,943
Due from other governmental units	2,736,291
Inventories	26,528
Prepaid items	142,442
	49,426,273
Capital assets not being depreciated/amortized:	
Land	1,896,117
Construction in progress	12,072,241
Capital assets, net of accumulated depreciation/amortization:	
Land improvements	2,086,194
Buildings	35,493,642
Equipment	1,256,999
Right-of-use assets	33,914
Total capital assets	52,839,107
Total assets	102,265,380
Deferred Outflows of Resources	
Other postemployment benefits plan	141,760
Pension plans	3,880,709
Total deferred outflows of resources	4,022,469
Liabilities	
Salaries payable and payroll deductions	1,986,556
Accounts payable	5,305,340
Interest payable	1,744,818
Due to other governmental units	217,666
Unearned revenue	94,734
Claims incurred but not reported	4,149
Noncurrent liabilities:	
Due within one year - other than pensions and OPEB	2,804,420
Due in more than one year - other than pensions and OPEB	64,382,060
Due in more than one year - net pension liability	16,657,945
Due in more than one year - total other postemployment obligation	2,034,344
Total liabilities	95,232,032
Deferred Inflows of Resources	
Other postemployment benefits plan	548,961
Pension plans	1,637,802
Property taxes levied for subsequent year	7,860,163
Total deferred inflows of resources	10,046,926
Net Position	
Net investment in capital assets	13,498,971
Restricted	28,934,560
Unrestricted	(41,424,640)
Total net position	$ 1,008,891

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities					
Administration	$ 1,261,853	$ -	$ 78,292	$ -	$ (1,183,561)
District support services	835,402	-	-	-	(835,402)
Regular instruction	10,372,803	1,224,598	1,758,648	284,682	(7,104,875)
Vocational instruction	451,488	-	10,146	-	(441,342)
Special education instruction	5,578,971	63,391	3,835,840	-	(1,679,740)
Community education and services	1,869,557	1,451,529	264,266	-	(153,762)
Instructional support services	945,115	-	-	-	(945,115)
Pupil support services	3,396,826	182,956	721,969	-	(2,491,901)
Sites and buildings	4,719,904	12,905	-	2,284,123	(2,422,876)
Fiscal and other fixed cost programs	4,419,489	-	-	-	(4,419,489)
Total Governmental Activities	$ 33,851,408	$ 2,935,379	$ 6,669,161	$ 2,568,805	(21,678,063)
General Revenues					
Property taxes and other county sources					5,830,250
Federal aid					320,742
State aid not restricted to specific purposes					15,991,955
Interest earnings					1,903,569
Gain on sale of fixed assets					1,524
Miscellaneous					597,145
Total general revenues					24,645,185
Change in Net Position					2,967,122
Net Deficit - Beginning					(1,958,231)
Net Position - Ending					$ 1,008,891

Balance Sheet – Governmental Funds

June 30, 2024

	General	Capital Project	Debt Service	Total Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments	$ 4,814,573	$ 31,682,854	$ 3,745,481	$ 1,055,743	$ 41,298,651
Receivables					
Current property taxes	1,405,421	-	2,706,073	61,663	4,173,157
Delinquent property taxes	13,045	-	18,556	704	32,305
Accounts	39,381	-	-	23,217	62,598
Interest	13,595	860,348	-	-	873,943
Due from other Minnesota school districts	45,774	-	-	317	46,091
Due from Minnesota Department of Education	2,006,706	-	18,828	91,080	2,116,614
Due from federal through Minnesota Department of Education	367,060	-	-	47,251	414,311
Due from federal government - direct funding	155,933	-	-	-	155,933
Due from other governmental units	3,342	-	-	-	3,342
Inventories	-	-	-	26,528	26,528
Prepaid items	138,591	-	-	3,851	142,442
Total assets	$ 9,003,421	$ 32,543,202	$ 6,488,938	$ 1,310,354	$ 49,345,915
Liabilities					
Salaries payable	$ 1,122,797	$ -	$ -	$ 50,709	$ 1,173,506
Accounts payable	188,861	5,065,602	-	50,877	5,305,340
Due to other Minnesota school districts	168,875	-	-	-	168,875
Due to other governmental units	46,680	-	-	2,111	48,791
Payroll deductions	811,374	-	-	1,676	813,050
Unearned revenue	54,111	-	-	40,623	94,734
Total liabilities	2,392,698	5,065,602	-	145,996	7,604,296
Deferred Inflows of Resources					
Unavailable revenue - delinquent taxes	13,045	-	18,556	704	32,305
Property taxes levied for subsequent year	2,617,395	-	5,117,812	124,956	7,860,163
Total deferred inflows of resources	2,630,440	-	5,136,368	125,660	7,892,468
Fund Balances					
Nonspendable	138,591	-	-	30,379	168,970
Restricted	821,629	27,477,600	1,352,570	1,008,319	30,660,118
Unassigned	3,020,063	-	-	-	3,020,063
Total fund balances	3,980,283	27,477,600	1,352,570	1,038,698	33,849,151
Total liabilities, deferred inflows of resources, and fund balances	$ 9,003,421	$ 32,543,202	$ 6,488,938	$ 1,310,354	$ 49,345,915

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2024

Total Fund Balances for Governmental Funds		$ 33,849,151
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		52,839,107
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		32,305
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(1,744,818)
The internal service fund accounts for the district's health and dental self-insurance plan. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net position.		76,209
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		2,242,907
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the governmental funds.		(407,201)
Noncurrent liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period, and therefore are not reported as fund liabilities. All liabilities - both current and noncurrent - are reported in the statement of net position. Balances at year-end are:		
Bonds Payable	$ 63,720,000	
Bond Premium	2,286,104	
Bond Discount	(58,320)	
Certificates of Participation Payable	830,000	
Lease Payable	39,952	
Severance Benefits Payable	241,539	
Compensated Absences Payable	127,205	
Net Pension Liability	16,657,945	
Total OPEB Obligation	2,034,344	
		(85,878,769)
Total Net Position for Governmental Activities		$ 1,008,891

	General	Capital Project	Debt Service	Total Nonmajor Funds	Total Governmental Funds
Revenues					
Local property tax levies	$ 2,635,253	$ -	$ 2,902,886	$ 135,941	$ 5,674,080
Other local and county sources	1,092,128	-	-	1,671,586	2,763,714
State sources	20,459,101	-	187,742	895,695	21,542,538
Federal sources	1,080,808	-	-	649,648	1,730,456
Interest earnings	226,048	1,563,953	97,515	45,847	1,933,363
Total revenues	25,493,338	1,563,953	3,188,143	3,398,717	33,644,151
Expenditures					
Administration	1,261,853	-	-	-	1,261,853
District support services	817,506	-	-	-	817,506
Regular instruction	11,292,582	-	-	-	11,292,582
Vocational instruction	451,488	-	-	-	451,488
Special education instruction	5,577,266	-	-	-	5,577,266
Community education and services	-	-	-	1,869,679	1,869,679
Instructional support services	904,331	-	-	-	904,331
Pupil support services	1,857,842	-	-	1,501,565	3,359,407
Sites and buildings	2,127,186	375,736	-	-	2,502,922
Fiscal and other fixed cost programs	165,276	-	-	-	165,276
Capital outlay	1,666,643	11,186,531		-	12,853,174
Debt service:					
Principal	57,923	-	2,459,000	2,954	2,519,877
Interest and fiscal charges	43,643	-	683,611	706	727,960
Total expenditures	26,223,539	11,562,267	3,142,611	3,374,904	44,303,321
Excess (Deficiency) of Revenues Over (Under) Expenditures	(730,201)	(9,998,314)	45,532	23,813	(10,659,170)
Other Financing Sources (Uses)					
Bonds issued	-	34,990,000	-	-	34,990,000
Premium on bonds issued	-	2,251,474	-	-	2,251,474
Insurance recovery proceeds	204,167	-	-	-	204,167
Sale of assets	1,524	-	-	-	1,524
Operating transfers in (out)	-	(581,556)	581,556	-	-
Total other financing sources	205,691	36,659,918	581,556	-	37,447,165
Net Change in Fund Balances	(524,510)	26,661,604	627,088	23,813	26,787,995
Fund Balances - Beginning, as previously reported	4,504,793	-	725,482	1,830,881	7,061,156
Adjustments (Note 8)	-	815,996	-	(815,996)	-
Fund Balance, Beginning, as restated	4,504,793	815,996	725,482	1,014,885	7,061,156
Fund Balances - Ending	$ 3,980,283	$ 27,477,600	$ 1,352,570	$ 1,038,698	$ 33,849,151

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2024

Total Net Change in Fund Balances for Governmental Funds	$ 26,787,995
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. In the current period those amounts are:	
Capital outlay	12,853,174
Depreciation/amortization expense	(2,201,477)
In governmental funds, issuance of long-term debt is reported as a source of financing. However, in the statement of activities, a new debt issuance is not revenue, rather it constitutes a long-term liability in the statement of net position.	(34,990,000)
The governmental funds report severance and compensated absences costs as expenditures when paid, on the other hand, the statement of activities reports severance and compensated absences costs as expenditures as the employees earn the compensated absences. In the statement of net position, the payment of severance and compensated absences results in a reduction of the liability.	(32,899)
In governmental funds, OPEB liabilities are measured by the amount of resources used. However, in the statement of activities, an increase in an OPEB liability is based on the amount earned by the employees during the period. This amount is the net effect of these differences.	62,483
In the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense. In the governmental funds, however, the contributions are reported as expense.	1,536,991
Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences.	(2,122,441)
The governmental funds report repayment of principal on long-term liabilities as expenditures. In the statement of net position, however, repayment of principal reduces the liability.	2,519,877
Long-term debt interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due.	(1,448,161)
The internal service fund accounts for the district's health and dental self-insurance plan. The net revenue of the internal service fund is included in the governmental activities.	9,631
Property taxes levied and due in previous fiscal years that have not been received as of the end of the current fiscal year are recorded as deferred inflows - delinquent taxes (not considered available revenues) in the governmental funds. In the statement of activities, these taxes are considered revenue in the period for which they are levied.	(8,051)
Change in Net Position of Governmental Activities	$ 2,967,122

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues				
Local property tax levies	$ 2,623,796	$ 2,616,767	$ 2,635,253	$ 18,486
Other local and county sources	760,563	804,450	1,092,128	287,678
State sources	19,824,606	20,349,843	20,459,101	109,258
Federal sources	556,000	1,002,112	1,080,808	78,696
Interest earnings	75,250	200,264	226,048	25,784
Total revenues	23,840,215	24,973,436	25,493,338	519,902
Expenditures				
Administration	1,205,091	1,226,667	1,261,853	(35,186)
District support services	876,282	649,892	817,506	(167,614)
Regular instruction	10,808,527	11,308,120	11,362,415	(54,295)
Vocational instruction	425,558	469,641	451,488	18,153
Special education instruction	5,150,404	5,581,159	5,577,266	3,893
Instructional support services	1,137,829	1,093,434	1,228,265	(134,831)
Pupil support services	1,626,564	1,742,371	1,900,323	(157,952)
Sites and buildings	2,201,293	3,566,529	3,357,581	208,948
Fiscal and other fixed cost programs	171,500	172,489	165,276	7,213
Debt service				
Principal	62,100	62,340	57,923	4,417
Interest and fiscal charges	41,101	41,101	43,643	(2,542)
Total expenditures	23,706,249	25,913,743	26,223,539	(309,796)
Excess (Deficiency) of Revenues Over (Under) Expenditures	133,966	(940,307)	(730,201)	210,106
Other Financing Sources				
Insurance recovery proceeds	10,000	204,166	204,167	1
Sale of assets	1,000	1,000	1,524	524
Total Other Financing Sources	11,000	205,166	205,691	525
Net Change in Fund Balance	$ 144,966	$ (735,141)	(524,510)	$ 210,631
Fund Balance - Beginning			4,504,793	
Fund Balance - Ending			$ 3,980,283	

	Governmental Activities Internal Service Fund
Assets	
Cash and investments	$ 80,358
Liabilities	
Claims incurred but not reported	4,149
Net Position	
Unrestricted	$ 76,209

	Governmental Activities Internal Service Fund
Additions	
Dental insurance premiums	$ 140,853
Interest earnings	2,857
Total additions	143,710
Deductions	
Dental claims	116,358
Service fee	17,721
Total deductions	134,079
Net Change in Net Position	9,631
Net Position - Beginning	66,578
Net Position - Ending	$ 76,209

	Governmental Activities Internal Service Fund
Operating Activities	
Receipts from participants	$ 143,710
Payments of insurance claims and administration	(138,545)
Net cash provided for operating activities	5,165
Cash and Investments, July 1, 2023	75,193
Cash and Investments, June 30, 2024	$ 80,358
Reconciliation of Operating Income to	
Net Cash provided for Operating Activities	
Operating Income	$ 9,631
Changes in assets and liabilities	
Claims incurred but not reported	(4,466)
	$ 5,165

	Custodial Fund
Assets	
Cash and investments	$ 8,147
Accounts receivable	500
Total assets	8,647
Liabilities	
Accounts payable	501
Net Position	
Restricted	$ 8,146

	Custodial Fund
Additions	
Gifts and bequests	$ 20,506
Deductions	
Donations	16,577
Change in Net Position	3,929
Net Position - Beginning	4,217
Net Position - Ending	$ 8,146

Note 1 - Summary of Significant Accounting Policies

The Independent School District No. 717 (the District) is a school district governed by a board elected by eligible voters of the District. The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant School District accounting policies are described below.

A. Financial Reporting Entity

The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The District does not have any blended or discretely presented component units.

The District is the basic level of government which has oversight responsibility and control over all activities related to the public school education in the District's area. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB pronouncements, since board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, intergovernmental revenues, and other items not properly included among program revenues are reported instead as general revenues.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers most revenues to be available if they are collected within 60 days of the end of the current fiscal period, except as stated below. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for the following: (1) commodity inventory items are recorded when received, (2) interest and principal on long-term debt are recorded when paid, and (3) claims and judgments, group health claims, and compensated absences are recorded as expenditures when paid with expendable available financial resources. Prepaid items are recorded for approved disbursements made in advance of the year in which the item is budgeted.

Property tax revenues for all funds, which are payable by property owners in a calendar year, are recognized in the fiscal year beginning July 1 of that calendar year. State revenues are recognized in the year to which they apply according to Minnesota Statutes. Federal revenues are recorded in the year in which the related expenditure is made. If the amounts of Minnesota or Federal revenues cannot be reasonably estimated or realization is not assured, they are not recorded as revenue in the current year. Revenue from other school districts is generally recognized when related expenditures occur. All other revenue items are considered to be measurable and available as stated above.

The District reports unearned revenue on its governmental fund financial statements and government wide financial statements when resources are received by the District before the revenue has been earned. The District records unavailable revenue on its governmental fund financial statements when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the unavailable revenue is removed from the financial statements and revenue it recognized.

The proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenue of the District's internal service fund is receipts from participants. Operating expenses for the internal service fund includes payments for insurance claims and administration. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District reports the following major governmental funds:

- *General fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The general fund is used to account for educational activities, District instructional and student support programs, expenditures for the superintendent, district administration, normal operations and maintenance, pupil transportation, capital expenditures, and legal school district expenditures not specifically designated to be accounted for in any other fund.

- *Capital projects fund* accounts for the activity of the building construction project.

- *Debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The District reports the following non-major governmental funds:

- *Food service fund* accounts for food service revenues and expenditures.

- *Community service fund* accounts for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, adults or early childhood programs, extended day programs, or other similar services.

Additionally, the government reports the following fund types:

- *Internal service fund* is a proprietary fund used to account for the activities of the District's self-insured dental plan.

- *Fiduciary funds* are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs.

- *Custodial fund* is used to account for the funds used food shelf and backpack program that lack the administrative involvement to be included in the general fund. These assets are used for third party authorized purposes and not to be used to support the District's own programs.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance

1. Cash and Investments

Cash balances of the District's funds are combined (pooled) and invested to the extent available in various deposits and investments authorized by Minnesota state statutes. Each fund shares in the earnings according to its average cash and investments balance. Cash includes amounts in demand deposits as well as short-term investments with an original maturity date within three months of the date acquired by the District. Investments are reported at fair value, except for the Minnesota School District Liquid Asset Fund Plus (MSDLAF+) and MNTrust. Both are an external investment pool, which in accordance with GASB 79 are valued at amortized cost, which approximates fair value. GASB Statement No. 79 requires a comparison of the MSDLAF+ Portfolio and MNTrust investments on an amortized cost basis to fair values determined on a market value basis at least monthly.

2. Receivables

Under the modified accrual basis of accounting, some revenues are susceptible to accrual while others are not. Major revenues treated as susceptible to accrual are: property taxes, state and federal aids, and revenue from other Minnesota school districts. All receivables are reported at their gross value and, if appropriate, reduced by the estimated portion that is expected to be uncollectible.

Interest and certain receivables are recorded as revenue in the year earned and available to pay liabilities of the current period.

On or before September 15th of each year, the School Board certifies to the county auditor the dates it has selected for its public hearing and for the continuation of its hearing, if necessary. If not certified by this date, the county auditor will assign the hearing date. All school districts must hold public hearings on their proposed property tax levies. Also, at this time the School Board certifies its proposed property tax levy to the county auditor for collection in the following year.

Beginning on November 29th and through December 20th of each year, the District is required by state law to hold its public hearing on its proposed budgets and proposed property tax levies for the taxes payable in the following year. On or before five business days after December 20th, the School Board certifies its final adopted property taxes payable the following year to the county auditor. If the District has not certified its final property tax by this time, its property tax will be the amount levied by it in the preceding year.

In Minnesota, counties act as collection agents for all property taxes. The County spreads all levies over taxable property. Such taxes become a lien on January 1 and are recorded as receivables by the District at that date. Real property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Agricultural land taxes may be paid on May 15 and November 15. Personal property taxes may be paid on February 28 and June 30. The County provides tax settlements to Districts three times a year, in January, June, and November.

Property tax revenue is recorded under the intact levy concept whereby taxes collectible during a calendar year are recorded as revenue in the fiscal year beginning with the year of collection. Current taxes receivable represent taxes levied in 2023 which are not payable until 2024 less amounts received before June 30, 2024. Delinquent taxes receivable represent levies collectible during 2023 and prior years. Delinquent taxes are recorded as unavailable revenue. Taxes levied for subsequent years represent current taxes receivable, which are levied in 2023, but not payable until 2024 and are not expendable by the District until the 2024-2024 school year, adjusted for the property tax shift amount.

3. Inventories, Commodities, and Prepaid Items

All inventories are expended when consumed rather than when purchased and are valued at the lower of cost or market using the first in first out (FIFO) method. United States Department of Agriculture commodities received are recorded as revenue at the net realizable value of such commodities and included in the food service fund revenue and expenditures when received. Unused commodities at year end are included in inventories of food.

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.

4. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment of the District are depreciated using the straight-line method over their estimated useful lives. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment. Capital assets not being depreciated include land.

Right-of-use leased assets are recognized at the least commencement date and represent the District's right to use an underlying asset for the lease term. Right-of-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before commencement of the lease term, plus any initial direct costs necessary to place the leased asset into service. Right-of-use assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period is five years.

5. 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. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

In the government-wide financial statements bond premiums and discounts are deferred and amortized over the life of the bonds and issuance costs are expensed in the period incurred. In the fund financial statements, governmental fund types recognize premiums received on debt issuances as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Lease liabilities represent the District's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the District.

Compensated Absences – Substantially all full-time employees earn annual vacation pay at various rates based on length of service. All outstanding unpaid vacation pay is payable upon termination of employment. At June 30, 2024, unpaid vacation pay totaling $127,205 is recorded in the financial statements.

Severance Benefits – Upon termination of employment, employees meeting years of service requirements are entitled to a payout of accumulated sick leave at various rates established in their employment contract. At June 30, 2024, a severance liability of $241,539 is recorded for all eligible employees.

6. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. Additional information can be found in Note 4.

7. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) and additions to/deductions from PERA's and TRA's fiduciary net position have been determined on the same basis as they are reported by PERA and TRA.

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 Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the State of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association (DTRFA) in 2015. Additional information can be found in Note 5.

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.

8. Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

The District has two items that qualify for reporting in this category on the government-wide statement of net position. Deferred outflows of resources related to other postemployment benefits consists of various estimate differences and contributions made to the plan subsequent to the measurement date that will be recognized as expenditures in future years. Deferred outflows of resources related to pension plans consists of various estimate differences and contributions made to the plan subsequent to the measurement date that will be recognized as expenses in future years.

9. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The District has three types of items that qualify for reporting in this category. The first item, 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. The second item is property taxes levied for subsequent years, which represent property taxes received or reported as a receivable before the period for which the taxes are levied, and is 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. The third item is deferred inflows related to pension and OPEB activity as a result of various estimate differences that will be recognized as expenses in future years, reported in the government-wide statement of net position.

10. Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the District's government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets. Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

11. Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." The District's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

- Nonspendable fund balance represents a portion of fund balance that includes amounts that cannot be spent because they are either: a) not in spendable form or b) legally or contractually required to be maintained intact.
- Restricted fund balance represents a portion of fund balance that reflects constraints placed on the use of resources (other than nonspendable items) that are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority which is the School Board through an ordinance or resolution.
- Assigned fund balance represents amounts constrained by the District's intent to be used for specific purposes, but neither restricted nor committed. The School Board has the authority to assign a fund balance and the School Board has also delegated the authority to assign fund balances to the superintendent and business manager.
- Unassigned fund balance represents residual classification for the general fund. This classification represents fund balance not assigned to other funds and not restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it would be necessary to report a negative unassigned fund balance.

The District approved a minimum unassigned general fund balance of 12 percent of the annual budget. If resources from more than one fund balance classification could be spent, the District will strive to spend resources from fund balance classifications in the following order (first to last): restricted, committed, assigned, and unassigned. A majority vote of the school board is required to commit a fund balance to a specific purpose. The school board may assign fund balances to be used for specific purposes. The school board has delegated this power to the Superintendent.

E. Inter-Fund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses in the government-wide financial statements and fund financial statements. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

F. Property Tax Shift

The majority of district revenue 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. The remaining portion of the taxes collectible in 2024 is recorded as deferred inflows of resources (property taxes levied for subsequent years).

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 general remits taxes to the District at periodic intervals as they are collected. A portion of the property taxes levied is paid by the State of Minnesota through various tax credits, which are included in revenue from state sources in the financial statements.

Taxes which remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is deferred in the fund 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.

G. Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; 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 fiscal year 2024.

H. Estimates

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

I. Adoption of New Accounting Standard

As of June 30, 2024, the District adopted GASB Statement No. 100, Accounting Changes and Error Corrections. The implementation of this standard requires additional presentation and disclosure requirements for accounting changes and error corrections. The financial statements have been updated to conform to the presentation requirements related to the change in reporting entity in the financial statements for the year ended June 30, 2024. The additional disclosures required by this standard are included in Note 8.

Note 2 - Stewardship, Compliance, and Accountability

A. Budgetary Information

The District adopts an annual budget for all funds in accordance with Minnesota State Statutes. The budget is prepared on the modified accrual basis of accounting. Before July 1, the proposed budget is presented to the School Board for review. The School Board holds public hearings, and a final budget must be prepared and adopted no later than one week after the School Board approves the audited financial statements and has published the final budget in the local newspaper. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal yearend. The actual revenues, expenditures, and transfers for the year ended June 30, 2024, have been compared to the District’s budget for the year where applicable. Variances in parentheses are unfavorable and indicate revenues are less than budget or expenditures are greater than budget. The budget is adopted through passage of a resolution. Any revisions that alter total expenditures of any fund must be approved by the School Board.

Budgetary control is maintained by fund, at the object of expenditure category level within each program, and in compliance with state requirements. Also inherent in this controlling function is the management philosophy that the existence of a particular item or appropriation in the approved budget does not automatically mean that it will be spent. The budget process has flexibility in that, where need has been properly demonstrated, an adjustment can be made within the department budget by the School Board. Therefore, there is a constant review process and expenditures are not approved until it has been determined that (1) adequate funds were appropriated; (2) the expenditure is still necessary; and (3) funds are available. Budgeted amounts are as originally adopted or as amended by the School Board. Budgeted expenditure appropriations lapse at year end. The School Board made several supplemental budgetary appropriations throughout the year.

B. Excess Expenditures over Appropriations

For the year ended June 30, 2024, expenditures exceeded appropriations in the general fund (the legal level of budgetary control) by $309,796. These over expenditures were funded by greater than expected revenues and available fund balance.

Note 3 - Detailed Notes on All Funds

A. Cash and Investments

1. Cash

In accordance with Minnesota Statutes, the District maintains deposits at those depository banks authorized by the School Board. All such depositories are members of the Federal Reserve System.

The following are considered the most significant risks 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% 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.

At June 30, 2024, all deposits were insured or collateralized by securities held by the District’s agent in the District’s name.

Custodial Credit Risk – The District maintains its cash in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor, per insured bank, for each account ownership category. At June 30, 2024, the District had approximately $1,929,000 in excess of FDIC limits, which are properly collateralized in the District’s name.

2. Investments

As of June 30, 2024, the District had an investment in MSDLAF and MNTrust with an amortized cost of $165,006 and $39,854,268, respectively.

The following are considered the most significant risks associated with investments:

Credit Risk - The District may invest funds as authorized by Minnesota Statutes Section 118A.04. All funds in the MSDLAF and MNTrust are invested in accordance with Minnesota Statutes Section 475.66. Each Minnesota school district owns a pro-rata share of each investment which is held in the name of the funds. The District has no investment policy that would further limit its investment choices. As of June 30, 2024, the District’s MSDLAF and MNTrust accounts were rated AAAm and AAA, respectively, by Standard & Poor’s.

Custodial Credit Risk – The investments in the MSDLAF and MNTrust are not subject to the credit risk classifications as noted in paragraph 9 of GASB Statement No. 40. The District does not have an investment policy for custodial credit risk.

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

Concentration of Credit Risk - The District places no limit on the amount the District may invest in any one issuer. More than five percent of the District's investments are invested with MSDLAF and MNTrust.

The following table presents the District's deposit and investment balances at June 30, 2024:

		Investment Maturities (in Years)	
Type	Total	N/A	1 - 5
Cash and cash equivalents			
MN School District Liquid Asset Fund	$ 165,006	$ 165,006	$ -
Deposits	7,333,190	7,333,190	-
Money Market	870,816	870,816	-
Investments			
Certificates of Deposit	17,177,987	-	17,177,987
Mutual Funds	8,234,742	8,234,742	-
Taxable Bonds	2,740,288	-	2,740,288
U.S. Treasuries	4,865,127	-	4,865,127
	$ 41,387,156	$ 16,603,754	$ 24,783,402

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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; Level 3 inputs are significant unobservable inputs.

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

Cash and investments - Statement of Net Position	$ 41,379,009
Cash and investments - Statement of Fiduciary Net Position	8,147
	$ 41,387,156

B. Capital Assets

Depreciation/amortization expense was charged to functions/programs of the primary government as follows:

Administration	$ 17,896
Regular instruction	511,551
Special education instruction	1,510
Community education and services	2,805
Instructional support services	40,785
Pupil support services	37,419
Sites and buildings	1,589,511
Total depreciation/amortization expense	$ 2,201,477

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

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Governmental Activities				
Capital Assets, Not Being Depreciated/Amortized:				
Land	$ 1,896,117	$ -	$ -	$ 1,896,117
Construction in progress	607,395	12,386,531	921,685	12,072,241
Total Capital Assets, Not Being Depreciated/Amortized	2,503,512	12,386,531	921,685	13,968,358
Capital Assets, Being Depreciated/Amortized:				
Land improvements	2,864,886	921,685	-	3,786,571
Buildings	60,609,689	18,181	-	60,627,870
Equipment	2,616,983	448,462	32,590	3,032,855
Right-of-use assets	84,784	-	-	84,784
Total Capital Assets, Being Depreciated/Amortized	66,176,342	1,388,328	32,590	67,532,080
Less Accumulated Depreciation/Amortization for:				
Land improvements	1,566,505	133,872	-	1,700,377
Buildings	23,248,032	1,886,196	-	25,134,228
Equipment	1,643,993	164,453	32,590	1,775,856
Right-of-use assets	33,914	16,956	-	50,870
Total Accumulated Depreciation/Amortization	26,492,444	2,201,477	32,590	28,661,331
Total Capital Assets, Being Depreciated/Amortized, Net	39,683,898	(813,149)	-	38,870,749
Governmental Activities Capital Assets, Net	$ 42,187,410	$ 11,573,382	$ 921,685	$ 52,839,107

C. Long-Term Liabilities

1. Bonds

General Obligation Bonds. The District issued general obligation bonds to provide funds for the improvement and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District and are paid from the debt service fund.

The District issued General Obligation Crossover Refunding Bond, Series 2016A, during the year ended June 30, 2017. The bond was issued to advance refund a portion of the outstanding General Obligation School Building Refunding Bond, Series 2014A. The District refunded the bond to reduce the total debt service payments by $1,414,880 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of $1,048,484.

The District issued General Obligation Crossover Refunding Bonds, Series 2017B, during the year ended June 30, 2018. These bonds were used to refund a portion of the 2028 maturity and the entire 2029 through 2032 maturities outstanding General Obligation School Building Refunding Bond, Series 2014 on the call date of February 1, 2023. The District refunded the bond to obtain an economic gain of $615,235.

During the year ended June 30, 2021, the District issued $10,075,000 in General Obligation Crossover Refunding Bonds, Series 2020A. These bonds were used to crossover refund the 2024 through 2028 maturities of the outstanding General Obligation School Building Refunding Bond, Series 2014, on the call date of February 1, 2023. The District refunded the bond to reduce the total debt service payments by obtain an economic gain of $615,235.

During the year ended June 30, 2023, the District issued General Obligation Tax Abatement Bonds, Series 2022A, in the amount of $1,399,000. Bond proceeds will be used to finance certain parking lot improvements at District facilities. The bonds bear an interest rate of 2.85% and call for semiannual interest payments commencing August 1, 2023, and annual principal payments commencing February 1, 2024.

During the year ended June 30, 2024, the District issued General Obligation Building Bonds, Series 2023A, in the amount of $34,990,000. Bond proceeds will be used to finance construction of school buildings. The bonds bear an interest rates of 4.00% to 5.00% and call for semiannual interest payments commencing August 1, 2024, and annual principal payments commencing February 1, 2026, through February 1, 2042.

General obligation bonds currently outstanding are as follows:

Bond Description	Final Maturities	Interest Rate	Principal Payments	Original Principal	Outstanding Balance
General Obligation Crossover Refunding Bonds of 2016A	2/1/2035	2.00% - 2.50%	$95,000 - $2,950,000	$ 9,995,000	$ 9,900,000
General Obligation Crossover Refunding Bonds of 2017B	2/1/2032	2.00% - 3.00%	$100,000 - $2,450,000	9,720,000	9,620,000
General Obligation Refunding Bonds of 2020A	2/1/2028	0.57% - 1.23%	$1,990,000 - $2,050,000	10,075,000	8,065,000
General Obligation Tax Abatement Bonds of 2022A	2/1/2028	2.50% - 3.00%	$250,000 - $325,000	1,399,000	1,145,000
General Obligation Building Bonds of 2023A	2/1/2042	4.00% - 5.00%	$315,000 - $4,840,000	34,990,000	34,990,000
				$ 66,179,000	$ 63,720,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

Years Ending June 30,	Governmental Activities Principal	Governmental Activities Interest
2025	$ 2,465,000	$ 3,050,066
2026	2,804,000	2,224,992
2027	2,854,000	2,179,286
2028	2,902,000	2,129,522
2029	2,960,000	2,072,030
2030-2034	16,335,000	8,824,210
2035-2039	19,435,000	5,721,750
2040-2042	13,965,000	1,131,800
Total	$ 63,720,000	$ 27,333,656

2. Certificates of Participation

The District issued certificates of participation in 2017 to provide funds for the purchase of land. The certificates are payable in installments through February 2037, at an interest rate ranging from 4.53 to 6.60 percent and payable in installments ranging from $40,000 to $85,000. Amounts are paid from the general fund. Annual debt service requirements to maturity for certificates of participation are as follows.

Years Ending June 30,	Governmental Activities Principal	Governmental Activities Interest
2025	$ 50,000	$ 39,220
2026	50,000	37,130
2027	50,000	35,040
2028	55,000	32,950
2029	55,000	30,393
2030-2034	330,000	109,403
2035-2037	240,000	24,500
Total	$ 830,000	$ 308,636

3. Leases Payable

The District entered into a lease agreement as lessee for the use of technology equipment. As of June 30, 2024, the value of the lease liability was $39,952. The District is required to make monthly principal and interest payments of $1,647 through June 2026. The lease liability was valued using a discount rate of 6.2%. The leases are paid by the general fund.

The future principal and interest lease payments as of June 30, 2024, were as follows:

Years Ending June 30,	Governmental Activities Principal	Governmental Activities Interest
2025	$ 16,889	$ 2,871
2026	17,967	1,794
2027	5,096	162
Total	$ 39,952	$ 4,827

4. Severance Benefits

Plan Description – The District compensates certain eligible employees for compensated absences like sick leave upon retirement. The severance plan is based on contractual agreements with the employees.

Teachers – For teachers reaching age 55 with 25 years of service the benefit is $10 per hour of unused sick leave. Sick leave accrues at 72 hours per year up to 1,000 hours. The benefit is payable 50% at the time of retirement and the remaining 50% in January the following year.

Principals and Special Services Director – For principals and the special services director the benefit is $175 per day of unused sick leave. Sick leave accrues at 12 days per year up to 125 days. The benefit is payable in one lump sum.

Food Service/Custodians – For food service custodians, the benefit is $2.25 per hour of unused sick leave. Sick leave accrues at 12 days per year up to 1,000 hours. The benefit is payable in one lump sum.

Unaffiliated Directors, Confidential Employees, District Office Administrative Assistant, and District Equity and Outreach Specialist – For these employees the benefit is based on years of service and the multiplier for each hour of unused sick leave ranges from $2.00 to $4.00. Sick leave accrues at 12 days per year up to 1,000 hours. The benefit is payable in one lump sum.

Building Administrative Assistants – For these employees the benefit is based on years of service and the multiplier for each hour of unused sick leave ranges from $2.00 to $3.00. Sick leave accrues at 12 days per year up to 1,000 hours. The benefit is payable in one lump sum.

All Others – For these employees the benefit is based on years of service and the multiplier for each hour of unused sick leave ranges from $2.00 to $2.50. Sick leave accrues at 12 days per year up to 1,000 hours. The benefit is payable in one lump sum.

Funding Policy – Payments under the plan are made on a pay-as-you-go basis. There are no invested plan assets accumulated for payment of future benefits. All benefits are paid out of the General Fund and the District makes all contributions.

5. Compensated Absences

The District will make payments out of the General Fund and amounts consist of benefits as discussed in Note 1.

6. Changes in Long-Term liabilities

During the year ended June 30, 2024, the following changes occurred in liabilities reported in the government-wide financial statements:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year
Bonds Payable					
General obligation bonds	$ 31,189,000	$ 34,990,000	$ 2,459,000	$ 63,720,000	$ 2,465,000
Bond premium	170,143	2,251,474	135,513	2,286,104	142,096
Bond discount	(64,800)	-	(6,480)	(58,320)	(6,480)
Total bonds payable	31,294,343	37,241,474	2,588,033	65,947,784	2,600,616
Certificates of Participation Payable	875,000	-	45,000	830,000	50,000
Leases payable	55,829	-	15,877	39,952	16,889
Severance Benefits Payable	222,249	34,516	15,226	241,539	9,710
Compensated Absences Payable	113,596	317,274	303,665	127,205	127,205
	$ 32,561,017	$ 37,593,264	$ 2,967,801	$ 67,186,480	$ 2,804,420

7. Legal Debt Margin

Minnesota State Statutes do not allow net debt (as defined in Minn. Stat. Para. 475.51 subd. 4) to exceed 15 percent of the actual market value of all taxable property within the District. The District's market value per the School Tax Report 2023 Payable 2024 was $1,598,912,500.

D. Fund Balances

Certain portions of fund balances are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties.

The following is a summary of fund balances as of June 30, 2024:

	General	Capital Project	Debt Service	Total Nonmajor Funds	Totals
Nonspendable					
Inventories	$ -	$ -	$ -	$ 26,528	$ 26,528
Prepaid items	138,591	-	-	3,851	142,442
Total nonspendable	138,591	-	-	30,379	168,970
Restricted					
Student activities	66,938	-	-	-	66,938
Scholarships	138,755	-	-	-	138,755
Staff development	11,912	-	-	-	11,912
Literacy incentive aid	41,752	-	-	-	41,752
Area learning center	206,335	-	-	-	206,335
Gifted and talented	27,521	-	-	-	27,521
Safe schools	40,725	-	-	-	40,725
Long-term facilities maintenance	238,622	-	-	-	238,622
Medical assistance	49,069	-	-	-	49,069
Food service	-	-	-	709,388	709,388
Early childhood family education	-	-	-	83,111	83,111
School readiness	-	-	-	200,123	200,123
Community service	-	-	-	15,697	15,697
Capital projects	-	27,477,600	-	-	27,477,600
Debt service	-	-	1,352,570	-	1,352,570
Total restricted	821,629	27,477,600	1,352,570	1,008,319	30,660,118
Unassigned	3,020,063	-	-	-	3,020,063
Total fund balance	$ 3,980,283	$ 27,477,600	$ 1,352,570	$ 1,038,698	$ 33,849,151

Note 4 - Other Post-Employment Benefits

A. Plan Description

All employees are allowed upon meeting the eligibility requirements under Minn. Stat. 471.61 subd, 2b, to participate in the District's health, dental, and life insurance plans after retirement. Eligible employees include principals, teaching and learning director, special services director, teachers, and superintendent who have reached age 55 with three years of service, and all other employees who have reached age 55 with five years of service. This plan covers active and retired employees. Benefit provisions are established through negotiations between the District and the union representing District employees and are renegotiated at the end of each contract period. Medical coverage is administered by Blue Cross Blue Shield. The implicit rate subsidy is only until Medicare eligibility. Contract groups receive other post-retirement benefits as follows:

- *Principals*– These employees reaching age 55 with 10 years of service are allowed to access the subsidized medical insurance benefit. They receive one year of District paid single medical insurance for every 4 years of service up to a maximum of 6 years or Medicare eligibility, whichever is earlier.
- *Teachers* – Teachers reaching age 55 with 25 years of service hired before March 12, 2012, are allowed access to subsidized benefits of the medical, dental and life insurance plans. See benefit details below:
    - Medical –The benefit is the full single premium plus $1,100 multiplied by 6 years or to Medicare eligibility, whichever is earlier. The benefit is payable in one lump sum at retirement to a VEBA account. Account credit can also be sued for spouse coverage.
    - Dental –The benefit is the full premium for single dental for 6 years or Medicare eligibility, whichever is earlier.
    - Life – The benefit is the full premium for a $100,000 policy for 6 years or Medicare eligibility, whichever is earlier.

The retiree health plan does not issue a publicly available financial report.

B. Benefits Provided

The contract groups have access to other post-retirement benefits listed below:

- Medical – The blended medical premiums are $744 for single and $1,908 for family coverage.
- Dental – The dental premiums are $36 for single and $109 for family coverage.
- Life – The life premiums are $0.12 per $1,000.

The subsidized benefits available to certain contract groups are discussed above.

C. Employees Covered by Benefit Terms

At the valuation date of July 1, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	9
Active employees	242
	251

D. Total OPEB Liability

The District's total OPEB liability of $2,034,344 was measured as of July 1, 2023, and was determined by an actuarial valuation as of July 1, 2022.

E. Actuarial Assumptions

The total OPEB liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	2.50 percent
Salary increases	Service graded table, based on years of service
Discount rate	3.90 percent
Health care cost trend rate	6.25 percent in 2023, grading to 5.00 percent over 5 years, then to 4.00 percent over the next 48 years
Retiree plan participation	
Future retirees electing coverage:	
Pre-65 subsidy available	100%
Pre-65 subsidy not available	50%
Percent of married retirees electing spouse coverage	
Subsidy available	10%
Subsidy not available	10%

Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-Year Municipal Bond Yield.

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

The actuarial assumptions used in the July 1, 2022, valuation were based on inputs from a variety of published sources of historical and projected future financial data.

The following change in plan provisions occurred for the year ending June 30, 2024:

- None

The following change in assumptions was made for the year ending June 30, 2024:

- The discount rate was change from 3.80% to 3.90%.

F. Changes in Total OPEB Liability

Balance at July 1, 2023	$ 1,964,804
Changes from the Prior Year:	
Service Cost	134,206
Interest Cost	77,283
Assumption Changes	(10,212)
Benefit Payments	(131,737)
Net Change	69,540
Balance at June 30, 2024	$ 2,034,344

G. Sensitivity of the Total OPEB Liability to Changes in Discount Rate and the Healthcare Cost Trend Rates

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Discount rate	2.90%	3.90%	4.90%
Total OPEB Liability	$ 2,157,079	$ 2,034,344	$ 1,912,630

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

	1% Decrease in Healthcare Trend Rate	Selected Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
Medical Trend Rate	5.25%, grading to 4.00% over 5 years, then to 3.00% over the next 48 years	6.25%, grading to 5.00% over 5 years, then to 4.00% over the next 48 years	7.25%, grading to 6.00% over 5 years, then to 5.00% over the next 48 years
Total OPEB Liability	$ 1,810,647	$ 2,034,344	$ 2,294,224

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

For the year ended June 30, 2024, the District recognized OPEB expense of $87,574. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual liability	$ -	$ 410,871
Changes in actuarial assumptions	38,172	138,090
District's contributions subsequent to measurement date	103,588	-
Total	$ 141,760	$ 548,961

The $103,588 reported as deferred outflows of resources related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2025.

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

Years Ended June 30,	OPEB Expense
2025	$ (123,916)
2026	(117,464)
2027	(126,858)
2028	(68,198)
2029	(72,895)
Thereafter	(1,458)

Note 5 - Defined Benefit Pension Plans– Statewide

Substantially all employees of the District are required by state law to belong to defined benefit, multi-employer, cost-sharing pension plans administered by the Public Employees' Retirement Association (PERA) or the Teachers' Retirement Association (TRA), both of which are administered on a state-wide basis.

For the year ended June 30, 2024, the District reported its proportionate share of deferred outflows of resources, net pension liabilities, deferred inflows of resources, and pension expense for each of the plans as follows:

	Deferred Outflows of Resources	Net Pension Liability	Deferred Inflows of Resources	Pension Expense (Income)
PERA	$ 776,061	$ 2,432,471	$ 849,611	$ 70,006
TRA	3,104,648	14,225,474	788,191	2,099,309
Total all plans	$ 3,880,709	$ 16,657,945	$ 1,637,802	$ 2,169,315

Disclosures relating to these plans are as follows:

1. Public Employees Retirement Association (PERA)

A. Plan Description

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

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

B. Benefits Provided

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

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

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

C. Contribution Rate

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

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024 and the District was required to contribute 7.50 percent for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2024, were $286,553. The District's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

At June 30, 2024, the District reported a liability of $2,432,471 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled $67,056.

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0435 percent at the end of the measurement period and 0.0432 percent for the beginning of the period.

District's proportionate share of net pension liability	$ 2,432,471
State of Minnesota's proportionate share of the net pension liability associated with the District	67,056
	$ 2,499,527

For the year ended June 30, 2024, the District recognized pension expense of $70,006 for its proportionate share of General Employees Plan's pension expense. In addition, the District recognized $301 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the annual $16 million contribution.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 79,752	$ 16,680
Changes in actuarial assumptions	391,936	666,720
Net collective difference between projected and actual investment earnings	-	86,135
Change in proportion	17,820	80,076
Contributions paid to PERA subsequent to the measurement date	286,553	-
Total	$ 776,061	$ 849,611

The $286,553 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	Pension Expense Amount
2025	$ (7,972)
2026	(359,946)
2027	60,584
2028	(52,769)

E. Long-Term Expected Return on Investment

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

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25.0%	0.75%
Private Markets	25.0%	5.90%
	100.0%	

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. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0 percent was deemed to be within that range of reasonableness for financial reporting purposes.

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

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

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2021, actuarial valuation.

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

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

G. Discount Rate

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

H. Pension Liability Sensitivity

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

Sensitivity Analysis
Net Pension Liability (Asset) at Different Discount Rates

	General Employees Fund	
1% Lower	6.00%	$ 4,303,237
Current Discount Rate	7.00%	$ 2,432,471
1% Higher	8.00%	$ 893,695

I. Pension Plan Fiduciary Net Position

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

2. Teachers Retirement Association (TRA)

A. Plan Descriptions

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

Educators employed in Minnesota's public elementary and secondary 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 schools or Minnesota State Colleges and Universities). Educators first hired by Minnesota State may elect either TRA coverage or coverage through the Defined Contribution Plan (DCR) administered by Minnesota State.

B. Benefits Provided

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

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

Tier I Benefits

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

With these provisions:

a.) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
b.) 3 percent per year early retirement reduction factor for all years under normal retirement age.
c.) Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

or

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

Tier II Benefits

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

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

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

C. Contribution Rate

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ending June 30, 2022, June 30, 2023, and June 30, 2024, were:

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

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

	in thousands
Employer contributions reported in TRA's Comprehensive Annual Financial Report, Statement of Changes in Fiduciary Net Position	$ 508,764
Add employer contributions not related to future contribution efforts	(87)
Deduct TRA's contributions not included in allocation	(643)
Total employer contributions	508,034
Total non-employer contributions	35,587
Total contributions reported in *Schedule of Employer* and Non-Employer 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. TRA has rounded percentage amounts to the nearest ten thousandths.

D. Actuarial Assumptions

The total pension liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability	
Actuarial Information	
Valuation date	July 1, 2023
Measurement date	June 30, 2023
Experience study	June 28, 2019 (demographic and economic assumptions)*
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Investment rate of return	7.00%
Price inflation	2.50%
Wage growth rate	2.85% before July 1, 2028, and 3.25% after June 30, 2028
Projected salary increase	2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% after June 30, 2028
Cost of living adjustment	1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually
Mortality assumptions	
Pre-retirement:	RP-2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP-2015 scale.
Post-retirement:	RP-2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
Post-disability:	RP-2014 disabled retiree mortality table, without adjustment.

**The assumptions prescribed are based on the experience study dated June 28, 2019. For GASB 67 purposes, the long-term rate of return assumptions is selected by TRA management in consultation with actuary.*

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

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

Asset Class	Target Allocations	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%	

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

Changes in actuarial assumptions since the 2022 valuation

The 2023 Tax Finance and Policy Bill, effective July 1, 2025:

- The employer contribution rate will increase from 8.75% to 9.5% on July 1, 2025.
- The employee contribution rate will increase from 7.75% to 8% on July 1, 2025.
- The pension adjustment rate for school districts and the base budgets for Minnesota State, Perpich Center for Arts Education, and Minnesota Academies will increase to reflect the 0.75% employer contribution rate increase.

The 2024 Omnibus Pensions and Retirement Bill:

- The Normal Retirement Age (NRA) for active and eligible deferred Tier II members will be 65 effective July 1, 2024.
- TRA’s amortization date will remain the same at 2048.

E. Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2023 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

F. Net Pension Liability

At June 30, 2024, the District reported a liability of $14,225,474 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis and Minneapolis School District. District proportionate share was 0.1723 percent at the end of the measurement period and 0.1745 percent for the beginning of the year.

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

District's proportionate share of net pension liability	$ 14,225,474
State's proportionate share of the net pension liability associated with the district	$ 996,640

For the year ended June 30, 2024, the District recognized pension expense of $2,099,309. It also recognized $140,335 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	$ 145,966	$ 209,039
Changes in actuarial assumptions	1,707,254	-
Difference between projected and actual investment earnings	-	97,770
Change in proportion and differences between contributions made and District's proportionate share of contributions	202,962	481,382
District's contributions to TRA subsequent to the measurement date	1,048,466	-
Total	$ 3,104,648	$ 788,191

The $1,048,466 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

Other amounts reported as deferred outflows and inflows of resources related to TRA pensions will be recognized in pension expense as follows:

Years Ended June 30,	Pension Expense Amount
2025	$ 148,038
2026	(96,281)
2027	1,528,184
2028	(256,035)
2029	(55,915)

G. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent as well what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
TRA discount rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	$ 22,688,585	$ 14,225,474	$ 7,297,387

The District's proportion of the net pension liability was based on the employer contributions to TRA in relation to TRA's total employer contributions including direct aid contributions from the State of Minnesota, City of Minneapolis and Minneapolis School District.

H. Pension Plan Fiduciary Net Position

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

Note 6 - Flexible Benefit Plan

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

Before the beginning of the Plan year, which is from September 1, thru August 31, each participant designates a total amount of pre-tax dollars to be contributed to the Plan during the year. At June 30, the District is contingently liable for claims against the total amount of participants' annual contributions to the medical reimbursement portion of the Plan, whether or not such contributions have been made.

Payment of insurance premiums (health, dental, life, and disability) are made by the District directly to the designated insurance companies. These payments are made monthly and are accounted for in the General Fund and special revenue funds.

Amounts withheld for medical reimbursement and dependent care are paid by the District to an outside administrator upon an employee submitting a request for reimbursement. Payments are made by the outside administrator to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the employee.

Note 7 - 403(b) Plan

The District provides eligible employees future retirement benefits through the District's 403(b) Plan (the "Plan"). Employees of the District are eligible to participate in the Plan commencing on the date of their employment. Some employees are eligible to receive a match of employee contributions up to the qualifying amounts set forth in their Wage and Benefit Guidelines. Contributions are invested in tax deferred annuities hosted by a vendor from whom the District has obtained. The District's contributions for the years ended June 30, 2024, 2023, and 2022, were $193,413, $146,588, and $147,719, respectively. The related employee contributions were $463,742, $411,095, and $355,254, for the years ended June 30, 2024, 2023, and 2022, respectively.

Note 8 - Change within the Reporting Entity

During the year ended June 30, 2024, there was a change within the financial reporting entity which resulted in the Capital Projects fund being reported as a major fund instead of as a nonmajor fund which resulted in adjustments to and restatements of beginning fund balance as follows:

	July 1, 2023, As Previously Reported	Change to or Within the Financial Reporting Entity	July 1, 2023, As Restated
Governmental Funds			
Major Funds:			
General	$ 4,504,793	$ -	$ 4,504,793
Capital Project	-	815,996	815,996
Debt Service	725,482	-	725,482
Nonmajor Funds	1,830,881	(815,996)	1,014,885
Total Governmental Funds	$ 7,061,156	$ -	$ 7,061,156

Note 9 - Other Information

A. Contingent Liabilities

The District participates in a number of federal and state programs that are either partially or fully funded by grants or aids received from these agencies or other governmental units. Such programs are subject to audit by the grantor agencies which could result in requests for reimbursement to the granting agency for expenditures that are disallowed under the terms of the grant. Based on past experience, the District believes that any disallowed costs as a result of such audits will be immaterial.

B. Litigation and Potential Exposure

In the ordinary course of its operations, the District is party to legal proceedings as a plaintiff or defendant. The financial impact of remaining actions is not determinable at June 30, 2024, but, in the opinion of management and legal counsel, the ultimate disposition of any or all of these proceedings will not have a material effect on the District's financial position.

C. Construction Commitment

The District has entered into contracts for building construction projects at the high school and elementary school. The contracts had a total value of approximately $34,000,000. As of June 30, 2024, the District had costs into the project in the amount of approximately $12,072,000 and a remaining construction commitment of $21,928,000 with an anticipated completion date in August 2025.

D. Transfers

In the current year, the Capital Projects fund transferred $581,556 to the Debt Service fund for proper treatment of capitalized interest on the new 2023A bond issuance.

Required Supplementary Information
June 30, 2024

Independent School District No. 717

Jordan, Minnesota

Schedule of Changes in the District's Total OPEB Liability and Related Ratios, Last 10 Fiscal years *

	2024	2023	2022	2021	2020	2019	2018
Service cost	$ 134,206	$ 132,209	$ 184,017	$ 170,534	$ 161,405	$ 147,051	$ 143,627
Interest	77,283	52,742	56,644	79,116	80,225	74,108	70,804
Assumption changes	(10,212)	(161,041)	32,951	(33,388)	65,820	3,804	-
Plan changes	-	(36,024)	16,727	-	-	-	-
Differences between expected and actual experience	-	(339,047)	-	(377,315)	-	(48,969)	-
Benefit payments	(131,737)	(126,055)	(48,613)	(40,176)	(72,709)	(82,909)	(157,845)
Net change in total OPEB liability	69,540	(477,216)	241,726	(201,229)	234,741	93,085	56,586
Total OPEB liability - beginning	1,964,804	2,442,020	2,200,294	2,401,523	2,166,782	2,073,697	2,017,111
Total OPEB liability - ending	$ 2,034,344	$ 1,964,804	$ 2,442,020	$ 2,200,294	$ 2,401,523	$ 2,166,782	$ 2,073,697
Covered payroll	$ 13,973,527	$ 13,566,531	$ 12,887,110	$ 12,511,757	$ 12,696,494	$ 12,326,693	$ 10,480,104
Total OPEB liability as a percentage of covered payroll	14.56%	14.48%	18.95%	17.59%	18.91%	17.58%	19.79%

*GASB Statement No. 75 require ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

2024 Changes
Benefit Changes:

- None

Assumption Changes:

- The discount rate was changed from 3.80% to 3.90%.

2023 Changes
Benefit Changes:

- The subsidized medical benefits for the Director of Teaching and Learning and the Special Services Director were removed.

Assumption Changes:

- The health care trend rates, mortality tables, salary increase rates for non-teachers, and withdrawal rates were updated.
- The discount rate was changed from 2.10% to 3.80%.

Schedule of Funding Progress – Severance Benefits

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Simplified Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2022	$ -	$ 222,249	$ 222,249	-	$ 13,343,860	1.67%
7/1/2020	-	258,349	258,349	-	12,879,078	2.01%
7/1/2018	-	219,755	219,755	-	12,085,133	1.82%
7/1/2016	-	158,311	158,311	-	10,061,060	1.57%

Note to the Schedule of Funding Progress

Since the last actuarial valuation as of July 1, 2020, the following actuarial assumptions have been changed:

- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The salary increase rates for non-teachers were updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.
- The discount rate was changed from 2.40% to 3.80%.

Since the last actuarial valuation as of July 1, 2020, the following plan provisions have changed:

- The Director of Teaching and Learning, Special Services Director Activities Director, Community Education/Recreation Director, Early Learning Services Director, Facilities Director, Nutrition Services Director, and Technology Director are on the Unaffiliated Director contract and now get the scaled sick leave payout based on years of service with $2.00 per hour at 10 years of service, $2.25 per hour at 15 years of service and $4.00 per hour at 20 years of service for their severance benefit (GASB 16).
- The severance benefit (GASB 16) for Principals was increased from $150 per unused day of sick leave to $175 per unused day of sick leave.
- The Early Learning Services Paraprofessionals severance benefit (GASB 16) is in line with the Paraprofessional contract and get the scaled sick leave payout based on years of service with $2.00 per hour at 10 years of service, $2.25 per hour at 15 years of service and $2.50 per hour at 20 years of service.
- Building Administrative Assistants (Secretaries) severance benefit (GASB 16) was increased from $2.50 per hour of unused sick leave at 20 years of service to $3.00 per hour of unused sick leave at 20 years of service. The multipliers at 10 and 15 years of service did not change.
- CERC and Enrichment Coordinator, Special Services Admin Specialist, and Technology Coordinator are on the Confidential Employee contract and their severance benefit (GASB 16) was increased from $2.50 per hour of unused sick leave at 20 years of service to $4.00 per hour of unused sick leave at 20 years of service. The multipliers at 10 and 15 years of service did not change.

Schedule of Employer's Share of Net Pension Liability
Last 10 Fiscal Years

Pension Plan	Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with District (b)	Total (d) (a+b)	Employer's Covered Payroll (e)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (d/e)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
PERA	6/30/23	0.0435%	$ 2,432,471	$ 67,056	$ 2,499,527	$ 3,457,640	70.4%	83.1%
	6/30/22	0.0432%	3,421,454	100,382	3,521,836	3,230,800	105.9%	70.5%
	6/30/21	0.0433%	1,849,104	56,566	1,905,670	3,131,693	59.0%	87.0%
	6/30/20	0.0485%	2,907,797	89,674	2,997,471	3,398,760	85.6%	79.1%
	6/30/19	0.0457%	2,526,651	78,497	2,605,148	3,256,291	77.6%	80.2%
	6/30/18	0.0458%	2,540,796	83,339	2,624,135	3,087,592	82.3%	79.5%
	6/30/17	0.0473%	3,019,601	37,971	3,057,572	3,057,585	98.8%	75.9%
	6/30/16	0.0469%	3,808,047	49,721	3,857,768	2,933,615	131.5%	68.9%
	6/30/15	0.0447%	2,316,586	N/A	2,316,586	2,472,253	93.7%	78.2%
	6/30/14	0.0442%	2,076,295	N/A	2,076,295	2,319,607	89.5%	78.8%
TRA	6/30/23	0.1723%	$ 14,225,474	$ 996,640	$ 15,222,114	$ 10,984,907	129.5%	76.4%
	6/30/22	0.1745%	13,973,037	1,035,999	15,009,036	10,817,146	129.2%	76.2%
	6/30/21	0.1775%	7,767,931	655,240	8,423,171	10,698,473	72.6%	86.6%
	6/30/20	0.1798%	13,283,865	1,113,410	14,397,275	10,564,159	125.7%	75.5%
	6/30/19	0.1738%	11,078,048	980,473	12,058,521	9,941,330	111.4%	78.1%
	6/30/18	0.1738%	10,918,248	1,025,996	11,944,244	9,717,935	112.4%	78.1%
	6/30/17	0.1776%	35,452,182	3,427,611	38,879,793	9,563,987	370.7%	51.6%
	6/30/16	0.1763%	42,051,757	4,220,988	46,272,745	9,233,733	455.4%	44.9%
	6/30/15	0.1760%	10,887,341	1,335,517	12,222,858	8,960,120	121.5%	76.8%
	6/30/14	0.1856%	8,552,314	601,775	9,154,089	8,567,861	99.8%	81.5%

Schedule of Employer's Contributions
Last 10 Fiscal Years

Pension Plan	Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
PERA	6/30/24	$ 286,553	$ 286,553	$ -	$ 3,820,707	7.5%
	6/30/23	259,323	259,323	-	3,457,640	7.5%
	6/30/22	242,310	242,310	-	3,230,800	7.5%
	6/30/21	234,877	234,877	-	3,131,693	7.5%
	6/30/20	254,907	254,907	-	3,398,760	7.5%
	6/30/19	243,010	243,010	-	3,256,291	7.5%
	6/30/18	230,462	230,462	-	3,087,592	7.5%
	6/30/17	228,238	228,238	-	3,057,585	7.5%
	6/30/16	218,931	218,931	-	2,933,615	7.5%
	6/30/15	185,419	185,419	-	2,472,253	7.5%
TRA	6/30/24	$ 1,048,466	$ 1,048,466	$ -	$ 11,914,386	8.8%
	6/30/23	944,702	944,702	-	10,984,907	8.6%
	6/30/22	902,150	902,150	-	10,817,146	8.3%
	6/30/21	863,547	863,547	-	10,698,473	8.1%
	6/30/20	836,615	836,615	-	10,564,159	7.9%
	6/30/19	767,563	767,563	-	9,941,330	7.7%
	6/30/18	725,242	725,242	-	9,717,935	7.5%
	6/30/17	717,299	717,299	-	9,563,987	7.5%
	6/30/16	692,530	692,530	-	9,233,733	7.5%
	6/30/15	672,009	672,009	-	8,960,120	7.5%

Notes to the Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions

PERA
2023 Changes
Changes in Actuarial Assumptions
- The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

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

2022 Changes
Changes in Actuarial Assumptions
- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

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

2021 Changes
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.

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

2020 Changes
Changes in Actuarial Assumptions
- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.

- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018 Changes

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.

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 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00 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.

2017 Changes
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 non-vested deferred members. The revised CSA load are now 0.00 percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.
- The assumed postretirement benefit increase rate was changed for 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.

Changes in Plan Provisions

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

2016 Changes
Changes in Actuarial Assumptions

- The assumed postretirement 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 changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes
Changes in Actuarial Assumptions

- The assumed postretirement 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.

Changes in Plan Provisions:

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

TRA
2023 Changes
Changes in Actuarial Assumptions
- The investment return assumption was changed from 7.50% to 7.00%. This does not affect the GASB valuation which was already using the 7.00% assumption.

Changes in Plan Provisions
- Effective July 1, 2025, the normal retirement age for Tier 2 members will decrease from 66 to 65.
- The employer contribution rate will increase from 8.75% to 9.50% on July 1, 2025.
- The employee contribution rate will increase from 7.75% to 8.00% on July 1, 2025.

2022 Changes
Changes in Actuarial Assumptions
- There have been no changes since the prior valuation.

Changes in Plan Provisions
- There have been no changes since the prior valuation.

2021 Changes
Changes in Actuarial Assumptions
- The investment return assumption was changed from 7.50 percent to 7.00 percent

Changes in Plan Provisions
- There have been no changes since the prior valuation.

2020 Changes
Changes in Actuarial Assumptions
- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 6 years, (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

Changes in Plan Provisions
- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 6 years, (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions

- The discount rate was decreased to 4.66% from 8.0%.
- The cost of living adjustment (COLA) was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% 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 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending July 1, 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% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers was reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2017 Changes

Changes in Actuarial Assumptions

- The discount rate was decreased to 5.12% from 4.66%.
- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- The COLA was not assumed to increase to 2.5% but remain at 2.0% for all future years.
- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the non-vested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 2.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for ten years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions

- The discount rate was decreased to 4.66% from 8.0%.
- The COLA was not assumed to increase for funding or the GASB calculation. It remained at 2% for all future years.
- The price inflation assumption was lowered from 3% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes as some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP 2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP 2015 scale.
- The post-retirement mortality assumption was changed to the RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP 2015 scale.
- The post-disability mortality assumption was changed to the RP 2014 disabled retiree mortality table, without adjustment.
- Augmentation in the early retirement reduction factors is phased out o Separate retirement assumptions for members hired before or after July 1, 1989, were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.

- A minor adjustment and simplification of the assumption regarding the election of optional form of annuity payment at retirement were made.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes of benefit terms

- The DTRFA was merged into TRA on June 30, 2015.

Changes in Actuarial Assumptions

- The annual COLA for the June 30, 2015, valuation assumed 2%. The prior year valuation used 2% with an increase to 2.5% commencing in 2034. The discount rate used to measure the total pension liability was 8.0%. This is a decrease from the discount rate at the prior measurement date of 8.25%. Details, if necessary, can be obtained from the TRA Comprehensive Annual Financial Report.

PERA's Comprehensive Annual Financial Report may be obtained on the PERA's website at www.mnpera.org for notes to the Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions.

Additional financial and actuarial information can be found in TRA's GASB 67-68 report. Both reports can be obtained at https://minnesotatra.org.

Supplementary Information
June 30, 2024

Independent School District No. 717

Jordan, Minnesota

	Fund Balance Beginning of Year	Net Change in Fund Balance	Fund Balance End of Year
Nonspendable	$ 161,229	$ (22,638)	$ 138,591
Restricted for student activities	78,141	(11,203)	66,938
Restricted for scholarships	139,480	(725)	138,755
Restricted for staff development	26,421	(14,509)	11,912
Restricted for literacy incentive aid	-	41,752	41,752
Restricted for area learning center	134,839	71,496	206,335
Restricted for gifted and talented	58,242	(30,721)	27,521
Restricted for safe schools	10,789	29,936	40,725
Restricted for basic skills extended time	6,189	(6,189)	-
Restricted for long-term facilities maintenance	946,735	(708,113)	238,622
Restricted for medical assistance	97,997	(48,928)	49,069
Unassigned	2,844,731	175,332	3,020,063
	$ 4,504,793	$ (524,510)	$ 3,980,283

	Special Revenue Funds		
	Food Service	Community Service	Total Nonmajor Funds
Assets			
Cash and investments	$ 599,004	$ 456,739	$ 1,055,743
Receivables			
Current property taxes	-	61,663	61,663
Delinquent property taxes	-	704	704
Accounts	1,305	21,912	23,217
Due from other Minnesota school districts	317	-	317
Due from Minnesota Department of Education	75,726	15,354	91,080
Due from Federal through Minnesota Department of Education	47,251	-	47,251
Inventories	26,528	-	26,528
Prepaid items	-	3,851	3,851
Total assets	$ 750,131	$ 560,223	$ 1,310,354
Liabilities			
Salaries payable	$ 2,165	$ 48,544	$ 50,709
Accounts payable	9,267	41,610	50,877
Due to other governmental units	439	1,672	2,111
Payroll deductions	-	1,676	1,676
Unearned revenue	2,344	38,279	40,623
Total liabilities	14,215	131,781	145,996
Deferred Inflows of Resources			
Unavailable revenue - delinquent taxes	-	704	704
Property taxes levied for subsequent year	-	124,956	124,956
Total deferred inflows of resources	-	125,660	125,660
Fund Balances			
Nonspendable	26,528	3,851	30,379
Restricted	709,388	298,931	1,008,319
Total fund balances	735,916	302,782	1,038,698
Total liabilities, deferred inflows of resources, and fund balances	$ 750,131	$ 560,223	$ 1,310,354

	Special Revenue Funds			
	Food Service	Community Service	Fund Previously Reported as Nonmajor	Total Nonmajor Funds
Revenues				
Local property tax levies	$ -	$ 135,941	$ -	$ 135,941
Other local and county sources	183,344	1,488,242	-	1,671,586
State sources	752,468	143,227	-	895,695
Federal sources	649,648	-	-	649,648
Interest earnings	26,346	19,501		45,847
Total revenues	1,611,806	1,786,911	-	3,398,717
Expenditures				
Community education and services	-	1,869,679	-	1,869,679
Pupil support services	1,501,565	-	-	1,501,565
Debt service:				
Principal	-	2,954	-	2,954
Interest and fiscal charges	-	706	-	706
Total expenditures	1,501,565	1,873,339	-	3,374,904
Net Change in Fund Balances	110,241	(86,428)	-	23,813
Fund Balances - Beginning, as previously reported	625,675	389,210	815,996	1,830,881
Adjustments (Note 8)	-	-	(815,996)	(815,996)
Fund Balance, Beginning, as restated	625,675	389,210	-	1,014,885
Fund Balances - Ending	$ 735,916	$ 302,782	$ -	$ 1,038,698

Other Supplementary Information
June 30, 2024

Independent School District No. 717

Jordan, Minnesota

01 GENERAL FUND

	Audit	UFARS	Audit - UFARS
Total Revenue	$25,493,338	$25,493,337	$1
Total Expenditures	$26,223,539	$26,223,539	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$138,591	$138,591	$0
Restricted / Reserved:			
4.01 Student Activities	$66,938	$66,938	$0
4.02 Scholarships	$138,755	$138,755	$0
4.03 Staff Development	$11,912	$11,912	$0
4.07 Capital Projects Levy	$0	$0	$0
4.08 Cooperative Revenue	$0	$0	$0
4.12 Literacy Incentive Aid	$41,752	$41,752	$0
4.14 Operating Debt	$0	$0	$0
4.16 Levy Reduction	$0	$0	$0
4.17 Taconite Building Maint	$0	$0	$0
4.20 American Indian Education Aid	$0	$0	$0
4.24 Operating Capital	$0	$0	$0
4.26 $25 Taconite	$0	$0	$0
4.27 Disabled Accessibility	$0	$0	$0
4.28 Learning & Development	$0	$0	$0
4.34 Area Learning Center	$206,335	$206,334	$1
4.35 Contracted Alt. Programs	$0	$0	$0
4.36 State Approved Alt. Program	$0	$0	$0
4.38 Gifted & Talented	$27,521	$27,521	$0
4.39 English Learner	$0	$0	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.41 Basic Skills Programs	$0	$0	$0
4.43 School Library Aid	$0	$0	$0
4.48 Achievement and Integration	$0	$0	$0
4.49 Safe Schools Levy	$40,725	$40,725	$0
4.51 QZAB Payments	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
4.53 Unfunded Sev & Retiremt Levy	$0	$0	$0
4.59 Basic Skills Extended Time	$0	$0	$0
4.67 LTFM	$238,622	$238,622	$0
4.71 Student Support Personnel Aid	$0	$0	$0
4.72 Medical Assistance	$49,069	$49,069	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
4.75 Title VII Impact Aid	$0	$0	$0
4.76 Payments in Lieu of Taxes	$0	$0	$0
Committed:			
4.18 Committed for Separation	$0	$0	$0
4.61 Committed Fund Balance	$0	$0	$0
Assigned:			
4.62 Assigned Fund Balance	$0	$0	$0
Unassigned:			
4.22 Unassigned Fund Balance	$3,020,063	$3,020,062	$1

02 FOOD SERVICES

	Audit	UFARS	Audit - UFARS
Total Revenue	$1,611,806	$1,611,805	$1
Total Expenditures	$1,501,565	$1,501,565	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$26,528	$26,528	$0
Restricted / Reserved:			
4.52 OPEB Liab Not In Trust	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$709,388	$709,387	$1
Unassigned:			
4.63 Unassigned Fund Balancee	$0	$0	$0

04 COMMUNITY SERVICE

	Audit	UFARS	Audit - UFARS
Total Revenue	$1,786,911	$1,786,911	$0
Total Expenditures	$1,873,339	$1,873,339	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$3,851	$3,851	$0
Restricted / Reserved:			
4.26 $25 Taconite	$0	$0	$0
4.31 Community Education	($52,689)	($52,689)	$0
4.32 E.C.F.E	$83,111	$83,111	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.44 School Readiness	$200,123	$200,123	$0
4.47 Adult Basic Education	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$68,386	$68,385	$1
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

06 BUILDING CONSTRUCTION

	Audit	UFARS	Audit - UFARS
Total Revenue	$1,563,953	$1,563,952	$1
Total Expenditures	$11,562,267	$11,562,267	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.07 Capital Projects Levy	$0	$0	$0
4.13 Funded by COP/FP	$0	$0	$0
4.67 LTFM	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$27,477,600	$27,477,599	$1
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

07 DEBT SERVICE

	Audit	UFARS	Audit - UFARS
Total Revenue	$3,188,143	$3,188,143	$0
Total Expenditures	$3,142,611	$3,142,611	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.25 Bond Refundings	$0	$0	$0
4.33 Maximum Effort Loan Aid	$0	$0	$0
4.51 QZAB Payments	$0	$0	$0
4.67 LTFM	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$1,352,570	$1,352,570	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

08 TRUST

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

18 CUSTODIAL

	Audit	UFARS	Audit - UFARS
Total Revenue	$20,506	$20,506	$0
Total Expenditures	$16,577	$16,577	$0
Restricted / Reserved:			
4.01 Student Activities	$0	$0	$0
4.02 Scholarships	$0	$0	$0
4.48 Achievement and Integration	$0	$0	$0
4.64 Restricted Fund Balance	$8,146	$8,147	($1)

20 INTERNAL SERVICE

	Audit	UFARS	Audit - UFARS
Total Revenue	$143,710	$143,710	$0
Total Expenditures	$134,079	$134,079	$0
4.22 Unassigned Fund Balance (Net Assets)	$76,209	$76,209	$0

25 OPEB REVOCABLE TRUST

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

45 OPEB IRREVOCABLE TRUST

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

47 OPEB DEBT SERVICE

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Agency or Pass-Through Number	Expenditures			Amount Passed Through to Subrecipients
Department of Agriculture						
Passed through the Minnesota Department of Education						
Child Nutrition Cluster						
Noncash assistance:						
Commodities Received (non-cash)	10.555	01-717-000	$ 121,021			$ -
Cash assistance						
School Breakfast Program	10.553	01-717-000	92,764			-
National School Lunch Program	10.555	01-717-000	361,088			-
COVID-19 Supply Chain Assistance	10.555C	01-717-000	49,927			-
Total Child Nutrition Cluster				$ 624,800		
Local Foods for Schools Cooperative Agreement	10.185	01-717-000		10,000		-
Child Nutrition Discretionary Grants	10.579	01-717-000		14,848		-
COVID-19 Pandemic Electronic Benefits Transfer	10.649C	01-717-000		653		-
Total Department of Agriculture					$ 650,301	-
Department of Treasury						
Passed through the Minnesota Department of Education						
COVID-19 ARP Summer Academic Enrichment and Mental Health	21.027C	01-717-000			8,043	-
Federal Communications Commission						
Direct Funding						
COVID-19 Emergency Connectivity Fund Program	32.009	N/A			88,875	-
Department of Education						
Passed through the Minnesota Department of Education						
Title I Grants to Local Educational Agencies	84.010	01-717-000		226,081		-
Special Education Grants for Infants and Families	84.181	01-717-000		13,174		-
English Language Acquisition Grants	84.365	01-717-000		16,735		4,238
Improving Teacher Quality State Grants	84.367	01-717-000		33,455		-
Student Support and Academic Enrichment Grants	84.424	01-717-000		10,000		-
COVID-19 Education Stabilization Fund - ESSER III	84.425U	01-717-000	122,685			-
COVID-19 Education Stabilization Fund - Learning Recovery Funds	84.425U	01-717-000	100,487			-
Total 84.425				223,172		
Passed through cooperative						
Special Education Cluster						
Special Education Grants to States	84.027	01-717-000	452,986			-
Special Education Preschool Grants	84.173	01-717-000	7,488			-
Total for Special Education Cluster				460,474		
Passed Through Southwest Metro Intermediate District						
Career and Technical Education	84.048	41-1295656		10,146		-
Total Department of Education					993,237	4,238
Total Federal Financial Assistance					$ 1,740,456	$ 4,238

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2024. The information is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position or fund balance of the District.

Note 2 - Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Note 3 - Indirect Cost Rate

The District has not elected to use the 10% de minimis cost rate.

Note 4 - Food Distribution

Nonmonetary assistance is reported in the schedule of the fair market value of the commodities received and disbursed. As of the year ended June 30, 2024, the District had received food commodities totaling $121,021 in inventory.

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The School Board of
Independent School District No. 717
Jordan, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 717 ("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, and have issued our report thereon dated November 26, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001 and 2024-002, that we consider to be material weaknesses.

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Report on Compliance and Other Matters

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

District's Response to Findings

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

Purpose of this Report

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

Eide Bailly LLP

Mankato, Minnesota
November 26, 2024

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance

The School Board of
Independent School District No. 717
Jordan, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Independent School District No. 717 (the District's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our 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 District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The 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.

Eide Bailly LLP

Mankato, Minnesota
November 26, 2024

Independent Auditor's Report on *Minnesota Legal Compliance*

The School Board of
Independent School District No. 717
Jordan, 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. 717 ("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, and have issued our report thereon dated November 26, 2024.

In connection with our audit, we noted that the District failed to comply with the miscellaneous provisions section of the *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minn. Stat. §6.65, insofar as they relate to accounting matters as described in the Schedule of Findings and Questioned Costs as item 2024-003. Also, in connection with our audit nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, and uniform financial accounting and reporting standards for Minnesota school districts (UFARS) 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 District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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

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 communication is not suitable for any other purpose.

Eide Bailly LLP

Mankato, Minnesota
November 26, 2024

Section I – Summary of Auditor's Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

Name of Federal Program	Federal Financial Assistance Listing
Child Nutrition Cluster	10.553, 10.555, 10.555C
COVID-19 Education Stabilization Fund	84.425U

Dollar threshold used to distinguish between type A band type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

2024-001 Preparation of Financial Statements
Material Weakness

Criteria: A good system of internal control contemplates an adequate system for drafting of the financial statements.

Condition: The District does not have an internal control system designed to provide for the preparation of the financial statements being audited. As auditors, we are requested to draft the financial statements including the accompanying notes to the financial statements, and required supplementary budgetary comparison information.

Cause: The District does not have the economic resources to hire additional qualified accounting staff or hire professional accounting services in order to draft financial statements.

Effect: This control deficiency could result in a misstatement to the financial statements that would not be prevented or detected.

Recommendation: It is the responsibility of the management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

View of Responsible Officials: There are no disagreements with this finding.

2024-002 Material Journal Entry
Material Weakness

Criteria: A good system of internal control contemplates an adequate system for recording and processing entries material to the financial statements.

Condition: During the course of our engagement, we proposed a material audit adjustment to the trial balance.

Cause: There was one entry noted during audit testing that was missed by the District.

Effect: This control deficiency could result in a misstatement to the financial statements that would not be prevented or detected.

Recommendation: A thorough review and reconciliation of accounts in each fund should take place prior to the beginning of the audit. This review should be done at both the accounting staff and accounting supervisor levels.

View of Responsible Officials: There are no disagreements with this finding.

Section III –Federal Award Findings and Questioned Costs

None reported

Section IV – Minnesota Legal Compliance Findings

2024-003 Unclaimed Property
Miscellaneous Provision

Criteria: Minn. Stat. §345.38-.43 requires that if a political subdivision's records show unclaimed or uncashed checks or other intangible property held for more than three years (or one year for unpaid compensation), the property needs to be reported and paid or delivered to the state Commissioner or Commerce.

Condition: The District does not have an internal control system designed to identify outstanding checks that should be paid to the state as unclaimed property.

Cause: The District did not follow the procedures to remain compliant with the miscellaneous provision section of the *Minnesota Legal Compliance Audit Guide for School Districts*.

Effect: This control deficiency results in the District not being in compliance.

Recommendation: Procedures should be adopted to review outstanding checks on a regular basis to identify those that need to be paid and reported to the state as unclaimed property.

View of Responsible Officials: There are no disagreements with this finding.