

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
AUSTIN, MINNESOTA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2024



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DISTRICT NO. 6095
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INTRODUCTORY SECTION

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
ORGANIZATION AND GOVERNING BOARD
JUNE 30, 2024**

Joey Page

Chair

Ron Wagner

Vice-Chair

Neal Skaar

Clerk

Don Leathers

Treasurer



INDEPENDENT AUDITORS' REPORT

Governing Board
Austin Albert Lea Special Education Cooperative
District No. 6095
Austin, Minnesota

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Austin Albert Lea Special Education Cooperative District No. 6095 (the Cooperative) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Austin Albert Lea Special Education Cooperative District No. 6095's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Austin Albert Lea Special Education Cooperative District No. 6095, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Austin Albert Lea Special Education Cooperative District No. 6095, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Prior Period Adjustment

As discussed in Note 7 to the financial statements, the beginning net position of the governmental activities opinion unit was restated due to the correction of an error related to a lease. Our opinions are not modified with respect to this matter.

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 Cooperative's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative'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 Cooperative's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 Cooperative's basic financial statements. The Uniform Financial Accounting and Reporting Standards Compliance Table is 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 Uniform Financial Accounting and Reporting Standards Compliance Table is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Governing Board
Austin Albert Lea Special Education Cooperative
District No. 6095

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2024, on our consideration of the Austin Albert Lea Special Education Cooperative District No. 6095'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 Austin Albert Lea Special Education Cooperative District No. 6095'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 Austin Albert Lea Special Education Cooperative District No. 6095's internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

Austin, Minnesota
December 16, 2024

REQUIRED SUPPLEMENTARY INFORMATION

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

This section of the Austin Albert Lea Area Special Education Cooperative District No. 6095's annual financial report presents management's discussion and analysis of the Cooperative's financial performance during the fiscal year that ended June 30, 2024. This discussion and analysis should be read in conjunction with the Cooperative's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Key financial highlights from the Statement of Net Position and the Statement of Activities for the 2023-24 fiscal year include the following:

- Total net position of \$1,192,074 as of June 30, 2024 is an increase of \$180,556 from the prior year total net position of \$1,011,518.
- Revenues totaled \$3,163,735 and were \$180,556 more than expenses of \$2,983,179.
- The General Fund balance (under the governmental fund presentation) increased \$131,141 over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data.

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

FINANCIAL ANALYSIS OF THE COOPERATIVE AS A WHOLE

Net Position

The Cooperative's combined net position was \$1,192,074 on June 30, 2024. This was an increase of \$180,556 from the previous year's total of \$1,011,518. (See Table A-1).

**Table A-1
Net Position – Governmental Activities**

	2024	2023 (as restated)	Change
Assets:			
Current and Other Assets	\$ 1,737,969	\$ 1,629,708	\$ 108,261
Capital Assets	2,364,917	2,582,716	(217,799)
Total Assets	4,102,886	4,212,424	(109,538)
Liabilities:			
Current Liabilities	699,996	725,674	(25,678)
Long-Term Liabilities	2,210,816	2,475,232	(264,416)
Total Liabilities	2,910,812	3,200,906	(290,094)
Net Position:			
Investment in Capital Assets	154,101	107,484	46,617
Restricted	111,603	67,857	43,746
Unrestricted	926,370	836,177	90,193
Total Net Position	\$ 1,192,074	\$ 1,011,518	\$ 180,556

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

FINANCIAL ANALYSIS OF THE COOPERATIVE AS A WHOLE (CONTINUED)

Changes in Net Position

Table A-2 as presented below contains a condensed version of the change in net position of the Cooperative.

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

	2024	2023 (as restated)	Change
Revenues:			
Program Revenues:			
Charges for Services	\$ 475,684	\$ 488,552	\$ (12,868)
Operating Grants and Contributions	2,622,527	2,664,571	(42,044)
General Revenues:			
Other	65,524	36,657	28,867
Total Revenues	<u>3,163,735</u>	<u>3,189,780</u>	<u>(26,045)</u>
Expenses:			
Administration	3,586	3,709	(123)
District Support Services	91,654	68,044	23,610
Special Education Instruction	2,584,119	2,416,539	167,580
Instructional Support Services	907	-	907
Pupil Support Services	39,107	33,765	5,342
Sites and Buildings	195,153	242,441	(47,288)
Fiscal and Other Fixed Cost Programs	10,246	10,215	31
Interest and Fiscal Charges on Long-Term Debt	58,407	65,066	(6,659)
Total Expenses	<u>2,983,179</u>	<u>2,839,779</u>	<u>143,400</u>
Increase in Net Position	180,556	350,001	(169,445)
Beginning Net Position, As Restated	1,011,518	661,517	350,001
Net Position - End of Year	<u>\$ 1,192,074</u>	<u>\$ 1,011,518</u>	<u>\$ 180,556</u>

The Cooperative's total revenues were \$3,163,735 for the year ended June 30, 2024. For 2023-24 state aid accounted for 82.43 percent of total revenues for the year. Federal aid accounted for 0.46 percent of total revenue. The remaining 17.11 percent came from billings from member districts for services and other local revenue.

The total cost of all programs and services was \$2,983,179. The Cooperative's expenses are related to educating special education students.

In 2023-24, total revenues surpassed expenditures, increasing net position by \$180,556. The June 30, 2024 net position totaled \$1,192,074.

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

FINANCIAL ANALYSIS OF THE COOPERATIVE AS A WHOLE (CONTINUED)

- The cost of all governmental activities for 2022-23 was \$2,983,179. Of this amount, \$475,684 was supported by charges to member districts. The net revenue of all governmental activities for 2023-24 was \$115,032. (See Table A-3)
- About 15.95 percent, or \$475,684 of the costs was paid by the users of the Cooperative's programs.
- The state government subsidized programs with grants. This totaled \$2,622,527, or 82.89 percent of the total revenue for 2023-24.

**Table A-3
Net Revenue (Expense) – Governmental Activities**

	2024	2023	Change
Administration	\$ (3,586)	\$ (3,709)	\$ 123
District Support Services	(91,654)	(68,044)	(23,610)
Special Education Instruction	451,869	718,254	(266,385)
Instructional Support Services	(907)	-	(907)
Pupil Support Services	(39,107)	(15,435)	(23,672)
Sites and Buildings	(132,930)	(242,441)	109,511
Fiscal and Other Fixed Cost Programs	(10,246)	(10,215)	(31)
Interest and Fiscal Charges on			
Long-Term Liabilities	(58,407)	(65,066)	6,659
Total	<u>\$ 115,032</u>	<u>\$ 313,344</u>	<u>\$ (198,312)</u>

FINANCIAL ANALYSIS OF THE COOPERATIVE'S FUNDS

The financial performance of the Cooperative as a whole is also reflected in its governmental funds. At the end of the 2023-24 fiscal year, the Cooperative's governmental fund reported a fund balance of \$1,061,372, which is an increase of \$131,141 from the June 30, 2023 fund balance of \$930,231.

Revenues for the Cooperative's governmental funds were \$3,163,735, while total expenditures were \$3,032,594. As a result, the Cooperative completed the year with revenues over expenditures of \$131,141.

GENERAL FUND

The general fund is used by the Cooperative to record the primary operations of providing special education services to students from member districts.

Funding for Minnesota special education cooperatives is driven by the state special education child counts of member districts. Member districts also fund a portion of the costs.

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

GENERAL FUND (CONTINUED)

The following schedule presents a summary of general fund revenues.

	Year Ended		Amount of Increase (Decrease)
	June 30, 2024	June 30, 2023	
Local Sources	\$ 546,208	\$ 524,849	\$ 21,359
State Sources	2,603,067	2,608,900	(5,833)
Federal Sources	14,460	55,671	(41,211)
Total General Fund Revenues	<u>\$ 3,163,735</u>	<u>\$ 3,189,420</u>	<u>\$ (47,044)</u>

The following schedule presents a summary of general fund expenditures.

	Year Ended		Amount of Increase (Decrease)
	June 30, 2024	June 30, 2023	
Purchased Services	\$ 2,565,456	\$ 2,414,564	\$ 150,892
Supplies and Materials	46,036	83,807	(37,771)
Capital Expenditures	93,106	138,407	(45,301)
Other Expenditures	327,996	326,171	1,825
Total General Fund Expenditures	<u>\$ 3,032,594</u>	<u>\$ 2,962,949</u>	<u>\$ 69,645</u>

In summary, 2023-24 general fund revenues and other financing sources were greater than expenditures. As a result, the total general fund balance increased by \$131,141.

The following shows the general fund - operating account unassigned fund balance for the past two years as a percentage of expenditures:

<u>Year Ended June 30,</u>	<u>Unassigned Fund Balance</u>	<u>Percentage of Expenditures</u>
2023	\$ 862,374	29.11 %
2024	404,706	13.35 %

This information is the single best measure of overall financial health. The unassigned fund balance of \$404,706 at June 30, 2024 represents 13.35% of the annual expenditures of the Cooperative. The Cooperative has assigned some of its existing unassigned fund balance for technology and facilities to be prepared for future needs.

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

GENERAL FUND (CONTINUED)

General Fund Budgetary Highlights

Over the course of the year, the Cooperative revised its annual operating budget as needed. The budget was increased due to staffing changes and capital projects.

The Cooperative's final budget for the general fund anticipated that revenues would exceed expenditures by \$194,867. Actual results for the year show that revenues exceeded expenditures by \$131,141.

Actual revenues were \$155,435 less than budgeted and expenditures were \$91,709 less than budgeted. Revenues were less than budgeted as special education aid came in lower than estimated and expenditures came in lower than budgeted due to vacancies in certain positions.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal year 2024, the Cooperative had net capital assets of \$2,364,917 representing a broad range of capital assets including the Oakland Education Center, custodial equipment and other equipment for various instructional programs. More detailed information about capital assets can be found in Note 3 to the financial statements. Total depreciation expense for the year was \$310,847.

	2024	2023 (as restated)	Percentage Change
Construction in Progress	\$ -	\$ 25,475	(100.0)
Land Improvements	56,173	46,273	21.4
Buildings and Improvements	158,600	56,600	180.2
Equipment	62,218	55,595	11.9
Less: Accumulated Depreciation	(29,464)	(17,543)	68.0
Right-to-Use Lease Asset	4,024,000	4,024,000	-
Less: Accumulated Amortization	(1,906,610)	(1,607,684)	18.6
Total District Capital Assets	<u>\$ 2,364,917</u>	<u>\$ 2,582,716</u>	(8.4)

Long-Term Liabilities

At year-end, the Cooperative had \$2,210,816 in long-term liabilities which relates to the purchase agreement for the Oakland Education Center building. See Note 4 to the financial statements for more detailed information.

	2024	2023	Percentage Change
Lease Liability	\$ 2,210,816	\$ 2,475,232	(10.7)
Total Long-Term Liabilities	<u>\$ 2,210,816</u>	<u>\$ 2,475,232</u>	(10.7)
Long-Term Liabilities:			
Due Within One Year	\$ 271,175	\$ 264,416	
Due in More Than One Year	1,939,641	2,210,816	
Total	<u>\$ 2,210,816</u>	<u>\$ 2,475,232</u>	

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

FACTORS BEARING ON THE COOPERATIVE'S FUTURE

The Cooperative has seen growth in its fund balance over the past few years. Funds have been assigned for future years improvements, including long-term facilities maintenance and student use technology.

CONTACTING THE COOPERATIVE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens with a general overview of the Cooperative's finances and to demonstrate the Cooperative's accountability for the resources it receives. If you have questions regarding this report or need additional financial information, contact the Business Office, Austin Albert Lea Area Special Education Cooperative District No. 6095, 401 3rd Avenue NW, Austin, MN 55912.

BASIC FINANCIAL STATEMENTS

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
STATEMENT OF NET POSITION
JUNE 30, 2024**

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 1,349,173
Interest Receivable	1,984
Due from Minnesota Department of Education	380,250
Due from Federal Government Through Minnesota Department of Education	1,412
Prepaid Expenses	5,150
Capital Assets:	
Capital Assets, Net of Depreciation	247,527
Capital Assets, Net of Amortization	<u>2,117,390</u>
Capital Assets, Net	<u>2,364,917</u>
Total Assets	4,102,886
LIABILITIES	
Other Accounts Payable	12,798
Accrued Interest	23,399
Due to Other Minnesota School Districts	657,001
Due to Other Governmental Units	6,798
Long-Term Liabilities:	
Due Within One Year	271,175
Due in More Than One Year	<u>1,939,641</u>
Total Liabilities	<u>2,910,812</u>
NET POSITION	
Net Investment in Capital Assets	154,101
Restricted for Other Purposes	111,603
Unrestricted	<u>926,370</u>
 Total Net Position	 <u><u>\$ 1,192,074</u></u>

See accompanying Notes to Financial Statements.

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
GOVERNMENTAL ACTIVITIES					
Administration	\$ 3,586	\$ -	\$ -	\$ -	\$ (3,586)
District Support Services	91,654	-	-	-	(91,654)
Special Education Instruction	2,584,119	475,684	2,560,304	-	451,869
Instructional Support Services	907	-	-	-	(907)
Pupil Support Services	39,107	-	-	-	(39,107)
Sites and Buildings	195,153	-	62,223	-	(132,930)
Fiscal and Other Fixed Cost Programs	10,246	-	-	-	(10,246)
Interest and Fiscal Charges on Long-Term Debt	58,407	-	-	-	(58,407)
 Total Governmental Activities	 <u>\$ 2,983,179</u>	 <u>\$ 475,684</u>	 <u>\$ 2,622,527</u>	 <u>\$ -</u>	 115,032
GENERAL REVENUES					
Other Revenue					26
Investment Earnings					65,498
Total General Revenues					<u>65,524</u>
CHANGES IN NET POSITION					
180,556					
Net Position - Beginning of Year, as Originally Stated					
875,482					
Restatement					
136,036					
Net Position - Beginning of the Year, as Restated					
<u>1,011,518</u>					
NET POSITION - END OF YEAR					
<u>\$ 1,192,074</u>					

See accompanying Notes to Financial Statements.

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2024**

	<u>General</u>
ASSETS	
Cash and Investments	\$ 1,349,173
Interest Receivable	1,984
Due from Minnesota Department of Education	380,250
Due from Federal Government Through Minnesota Department of Education	1,412
Prepaid Expenses	5,150
Total Assets	<u>\$ 1,737,969</u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Other Accounts Payable	\$ 12,798
Due to Other Minnesota School Districts	657,001
Due to Other Governmental Units	6,798
Total Liabilities	676,597
FUND BALANCES	
Nonspendable	5,150
Restricted for:	
Medical Assistance	111,603
Assigned for:	
Technology	39,913
Facilities	500,000
Unassigned	404,706
Total Fund Balances	1,061,372
Total Liabilities and Fund Balances	<u>\$ 1,737,969</u>

See accompanying Notes to Financial Statements.

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2024**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances as Shown on Previous Page	\$ 1,061,372
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:	
Capital Assets, Net of Accumulated Depreciation	247,527
Right-to-Use Asset, Net of Accumulated Amortization	2,117,390
Government funds do not report a liability for accrued interest on long-term debt until due and payable.	
	(23,399)
Long-term liabilities that pertain to governmental funds are not due and payable in the current period and, therefore, are not reported as fund liabilities.	
Long-term liabilities at year-end consist of:	
Building Purchase Agreement	(2,210,816)
Net Position of Governmental Activities as Reported on the Statement of Net Position	\$ 1,192,074

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2024**

	<u>General</u>
REVENUES	
Local Sources	
Investment Income	\$ 65,498
Other	480,710
State Sources	2,603,067
Federal Sources Through Department of Education	14,460
Total Revenues	3,163,735
EXPENDITURES	
Current:	
Administration	3,586
District Support Services	91,323
Special Education Instruction	2,276,820
Instructional Support Services	907
Pupil Support Services	39,107
Sites and Buildings	191,878
Fiscal and Other Fixed Cost Programs	10,246
Capital Outlay	93,106
Debt Service:	
Principal	264,416
Interest and Fiscal Charges	61,205
Total Expenditures	3,032,594
NET CHANGE IN FUND BALANCE	131,141
Fund Balance - Beginning of Year	930,231
FUND BALANCE - END OF YEAR	\$ 1,061,372

See accompanying Notes to Financial Statements.

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances as Shown on Previous Page \$ 131,141

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 are allocated over the estimated useful lives as depreciation expense.

Capital Outlays	93,048
Depreciation and Amortization Expense	(310,847)

Some capital asset additions are financed through long-term purchase agreements. In governmental funds, a long-term purchase agreement is considered a source of financing, but in the statement of net position, the purchase agreement is reported as a liability. Repayment of long-term purchase agreement principal is an expenditures in the governmental funds, but repayment reduces the purchase agreement in the statement of net position.

Principal Payments - Purchase Agreement	264,416
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Interest is recognized as an expenditure in the governmental funds when it is due.

Change in Accrued Interest	2,798
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Change in Net Position of Governmental Activities as Reported on the Statement of Activities	\$ 180,556
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**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The financial statements of Austin Albert Lea Special Education Cooperative District No. 6095 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB pronouncements are recognized as accounting principles generally accepted in the United States of America for state and local governments.

B. Reporting Entity

Austin Albert Lea Special Education Cooperative District No. 6095 (the Cooperative) is a public agency established by a Joint Powers Agreement entered into pursuant to Minnesota Statutes, Section 471.59. The two-member school districts are listed in the Joint Powers Agreement. The primary objective of the Cooperative is to provide, by a cooperative effort, comprehensive educational programs and other related services as can be efficiently and effectively operated by its group of two-member Independent Districts. The two-member Independent Districts are Austin Public Schools and Albert Lea Area Public Schools. The governing body of the Cooperative consists of the Superintendent of each member district and one district board member representative appointed by the respective school board of each member district.

Accounting principles generally accepted in the United States of America (GAAP) require that the Cooperative's financial statements include all funds, departments, agencies, boards, commissions, and other component units for which the Cooperative is considered to be financially accountable.

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

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

C. Government-Wide Financial Statement Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting government as a whole. These statements include all the financial activities of the Cooperative.

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Government-Wide Financial Statement Presentation (Continued)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

The Cooperative applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. Depreciation expense is included as a direct expense in the functional areas that utilize the related fixed assets. Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities.

D. Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements. The Cooperative currently has no nonmajor governmental funds.

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

1. Revenue Recognition

Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State revenue is recognized in the year to which it applies according to Minnesota Statutes and accounting principles generally accepted in the United States of America. Minnesota Statutes include state aid funding formulas for specific fiscal years. Other revenue is considered available if collected within one year.

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Financial Statement Presentation (Continued)

2. Recording of Expenditures

Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements incurred in advance of the year in which the item is to be used.

Descriptions of Funds

The existence of the Cooperative's fund has been established by the state of Minnesota, Department of Education. Description of the fund is included in this report as follows:

Major Government Fund

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund. It includes all revenues and expenditures for general operation, special education programs, transportation, and capital expenditures.

E. Budgeting

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

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

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

F. Cash and Investments

Cash consists of deposits in a US Bank checking account, US Bank controlled disbursements account, and a Minnesota Liquid Asset Fund account.

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables

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

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Prepaid items are reported using the consumption method and recorded as an expense or expenditure at the time of consumption.

I. Capital Assets

Capital assets are capitalized at historical cost or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The Cooperative maintains a threshold level of \$2,500 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statement but are not reported in the fund based financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the Cooperative, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 3 to 20 years for equipment.

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

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

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

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Risk Management

The Cooperative 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 Cooperative carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past two fiscal years. There were no significant reductions in the Cooperative's insurance coverage in fiscal 2024.

K. Net Position

Net position represents the difference between assets and liabilities and deferred inflows of resources in the Cooperative-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the Cooperative-wide financial statement when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

The Cooperative applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

L. Fund Balance Classification

In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned, and unassigned fund balances. Nonspendable portions of fund balance are related to prepaid items and inventories. Restricted funds are constrained from outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by resolutions approved by the board of directors. The board of directors passed a resolution authorizing the Superintendent or other designee to assign fund balances and their intended uses. Unassigned fund balances are considered the remaining amounts.

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

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

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Estimates

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

NOTE 2 DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

Cash and investments consist of the following:

Deposits	\$ 3,638
Certificates of Deposit	492,000
MSDLAF+ Liquid Class	192,240
MSDLAF+ MAX Class	661,295
Total	<u>\$ 1,349,173</u>

B. Deposits

In accordance with applicable Minnesota Statutes, the Cooperative maintains deposits at depository banks authorized by the School Board.

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

The Cooperative's deposits in financial institutions at June 30, 2024, were entirely covered by federal depository insurance or by surety bonds and collateral, in accordance with Minnesota Statutes.

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments

Minnesota Statutes limit the Cooperative's investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 and receive the highest credit rating, are rated in one of the two highest categories by a statistical rating agency, and all of the investments have a final maturity of thirteen months or less; general obligations rated "A" or better, revenue obligations rated "AA" or better; general obligations of the Minnesota Housing Finance Agency rated "A" or better; bankers' acceptances of United States banks eligible for purchase by the Federal Reserve Systems; commercial paper issued by United States corporations or their Canadian subsidiaries rates, of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve Systems with capitalization exceeding \$10,000,000; a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealer.

At June 30, 2024, the Cooperative's investment balances were as follows:

	Amortized Cost
Certificates of Deposit	\$ 492,000
MSDLAF+ Liquid Class	192,240
MSDLAF+ MAX Class	661,295
Total Investments at Amortized Cost	\$ 1,345,535

The MSDLAF+ is an external investment pool not registered with the Securities Exchange Commission (SEC). The MSDLAF+ is an external investment pool that is managed to maintain a dollar-weighted average portfolio maturity of no greater than 60 days and seeks to maintain a constant net asset value (NAV) per share of \$1.00. The MSDLAF+ elects to measure its investments at amortized cost. The liquid class has not redemption requirements. The Max Class may not be redeemed for at least 14 days, and a 24 -hour hold is placed on redemption requests. Redemptions prior to 14 days may be subject to penalty.

Custodial Credit Risk

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

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Cooperative's investment policy does not address credit risk, however the Cooperative invests in accordance with Minnesota Statutes. The following chart summarized year-end ratings for the Cooperative's investments:

<u>Investment</u>	<u>Rated by</u>	<u>Credit Rating</u>
MSDLAF+ Liquid Asset Fund	S&P	AAAm
Fieldpoint Private Bank & Trust, CT	not rated	not rated
Bank of China, NY	not rated	not rated

Concentration Risk

The risk of investing 5% or more of the Cooperative's portfolio in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The Cooperative's investment policies do not address concentration risk. The following investments exceeded 5% of total investments:

<u>Investment</u>	<u>Percentage</u>
Fieldpoint Private Bank & Trust, CT	18.3%
Bank of China, NY	18.3%

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Cooperative's investment policies do not further restrict investing in specific financial instruments.

The maturities of the Cooperative's investments are as follows:

<u>Type</u>	<u>Total</u>	<u>12 Months or Less</u>
MSDLAF+ Liquid Class	\$ 192,240	\$ 192,240
MSDLAF+ MAX Class	661,295	661,295
Certificates of Deposit	492,000	492,000
Total	<u>\$ 1,345,535</u>	<u>\$ 1,345,535</u>

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2024, is as follows:

	Balance (as restated)	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 25,475	\$ -	\$ (25,475)	\$ -
Capital Assets, Being Depreciated:				
Land Improvements	46,273	9,900	-	56,173
Buildings and Improvements	56,600	102,000	-	158,600
Equipment	55,595	6,623	-	62,218
Total Capital Assets, Being Depreciated	158,468	118,523	-	276,991
Accumulated Depreciation for:				
Land Improvements	(1,157)	(2,561)	-	(3,718)
Buildings Improvements	(1,076)	(4,192)	-	(5,268)
Equipment	(15,310)	(5,168)	-	(20,478)
Total Accumulated Depreciation	(17,543)	(11,921)	-	(29,464)
Total Capital Assets, Being Depreciated, Net	140,925	106,602	-	247,527
Capital Assets, Being Amortized				
Right-to-Use Lease Asset - Building	4,024,000	-	-	4,024,000
Accumulated Amortization for:				
Right-to-Use Lease Asset - Building	(1,607,684)	(298,926)	-	(1,906,610)
Total Capital Assets, Being Amortized, Net	2,416,316	(298,926)	-	2,117,390
Governmental Activities Capital Assets, Net	<u>\$ 2,582,716</u>	<u>\$ (192,324)</u>	<u>\$ (25,475)</u>	<u>\$ 2,364,917</u>

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

District Support Services	\$ 331
Special Education Instruction	307,299
Sites and Buildings	3,217
Total Depreciation and Amortization Expense	<u>\$ 310,847</u>

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 4 LONG-TERM LIABILITIES

The Cooperative entered into a lease agreement on June 2, 2016 for \$4,024,000. The lease was incurred to finance the acquisition of the Oakland Education Center building. Payments are due to Austin Public Schools in semi-annual installments through August 1, 2032. Interest is charged at 2.54%.

Minimum annual principal and interest payments required to retire long-term debt, net pension liability, other postemployment benefits obligation, and compensated absences payable are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 271,175	\$ 54,446	\$ 325,621
2026	278,107	47,514	325,621
2027	285,216	40,405	325,621
2028	292,506	33,115	325,621
2029	299,983	25,638	325,621
2030-2032	783,829	30,122	813,951
Total	<u>\$ 2,210,816</u>	<u>\$ 231,240</u>	<u>\$ 2,442,056</u>

Changes in Long-Term Debt

	<u>Beginning Balance</u>	<u>Issued Increase (Decrease)</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Amount Due in One Year</u>
Building Purchase Payable	\$ 2,475,232	\$ -	\$ 264,416	\$ 2,210,816	\$ 271,175

NOTE 5 RESTRICTED FUND BALANCES

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

Medical Assistance

This restricted fund balance represents accumulated resources available to provide medical assistance.

NOTE 6 COMMITMENTS AND CONTINGENCIES

State Receivables

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

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 PRIOR PERIOD ADJUSTMENT

The Cooperative determined that the net book value of a right-to-use lease building asset was understated with respect to a lease whereby the District is serving as lessee. As a result, the net position of governmental activities was restated as of July 1, 2023. The effect of the restatement is as follows:

	Governmental Activities
Net Position on July 1, 2023, As Previously Reported	\$ 875,482
Prior Period Adjustments:	
Right-to-Use Lease Asset - Building	136,036
Net Position on July 1, 2023, As Restated	<u>\$ 1,011,518</u>

REQUIRED SUPPLEMENTARY INFORMATION

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET
AND ACTUAL – GENERAL FUND
JUNE 30, 2024**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Investment Income	\$ 20,000	\$ 55,000	\$ 65,498	\$ 10,498
Other Local Revenue	475,773	475,771	480,710	4,939
State Aids Received Through Minnesota				
Department of Education	2,524,246	2,773,939	2,603,067	(170,872)
Federal Aids Received Through Minnesota				
Department of Education	14,460	14,460	14,460	-
Total Revenues	<u>3,034,479</u>	<u>3,319,170</u>	<u>3,163,735</u>	<u>(155,435)</u>
EXPENDITURES				
Current:				
Administration	3,964	5,794	3,586	(2,208)
District Support Services	76,570	73,295	91,323	18,028
Special Education Instruction	2,233,764	2,359,560	2,276,820	(82,740)
Instructional Support Services	-	1,500	907	(593)
Pupil Support Services	51,261	37,558	39,107	1,549
Sites and Buildings	212,584	204,106	191,878	(12,228)
Fiscal and Other Fixed Cost Programs	10,638	10,246	10,246	-
Capital Outlay	109,213	106,623	93,106	(13,517)
Debt Service:				
Principal	264,416	264,416	264,416	-
Interest and Fiscal Charges	61,205	61,205	61,205	-
Total Expenditures	<u>3,023,615</u>	<u>3,124,303</u>	<u>3,032,594</u>	<u>(91,709)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	10,864	194,867	131,141	(63,726)
OTHER FINANCING SOURCES				
Local Sales and Insurance Recovery	360	-	-	-
NET CHANGE IN FUND BALANCE	<u>\$ 11,224</u>	<u>\$ 194,867</u>	131,141	<u>\$ (63,726)</u>
Fund Balance - Beginning of Year			<u>930,231</u>	
FUND BALANCE - END OF YEAR			<u>\$ 1,061,372</u>	

REQUIRED AUDITORS' REPORTS



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

Governing Board
Austin Albert Lea Special Education Cooperative
District No. 6095
Austin, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Austin Albert Lea Special Education Cooperative District No. 6095 (the Cooperative) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Austin Albert Lea Special Education Cooperative District No. 6095's basic financial statements and have issued our report thereon dated December 16, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Austin Albert Lea Special Education Cooperative District No. 6095'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 Austin Albert Lea Special Education Cooperative District No. 6095's internal control. Accordingly, we do not express an opinion on the effectiveness of the Austin Albert Lea Special Education Cooperative District No. 6095'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Austin Albert Lea Special Education Cooperative District No. 6095'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*.

Austin Albert Lea Special Education Cooperative's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Austin Albert Lea Special Education Cooperative's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Austin Albert Lea Special Education Cooperative'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Austin, Minnesota
December 16, 2024



INDEPENDENT AUDITORS' REPORT ON LEGAL COMPLIANCE

Governing Board
Austin Albert Lea Special Education Cooperative
District No. 6095
Austin, 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 and the major fund of Austin Albert Lea Special Education Cooperative District No. 6095 (the Cooperative), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Austin Albert Lea Special Education Cooperative District No. 6095's basic financial statements, and have issued our report thereon dated December 16, 2024.

In connection with our audit, nothing came to our attention that caused us to believe that Austin Albert Lea Special Education Cooperative District No. 6095 failed to comply with the provisions of the contracting-bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards sections of the *Minnesota Legal Compliance Audit Guide* promulgated by the State Auditor pursuant to Minnesota Statutes Sec. 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Austin Albert Lea Special Education Cooperative District No. 6095's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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

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

CliftonLarsonAllen LLP

Austin, Minnesota
December 16, 2024

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
AUSTIN, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2024**

Section I – Financial Statement Findings

FINDING: 2024-001 PRIOR PERIOD ADJUSTMENT

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

Condition: The Cooperative determined that the net book value of a right-to-use lease building asset was understated with respect to a lease whereby the District is serving as lessee. As a result, the net position of governmental activities was restated as of July 1, 2023.

Criteria or Specific Requirement: The District should be able to prevent or detect and correct misstatements in the annual financial statements including footnote disclosures in a timely manner.

Effect: The potential exists that a misstatement could occur in the financial statements and not be prevented or detected by the District's internal controls.

Cause: This item was due to an unintentional oversight during the implementation of GASB Statement No. 87, *Leases*.

Recommendation: The District should continue to evaluate their internal processes to determine if additional internal control procedures should be implemented to ensure that accounts are adjusted to their appropriate year-end balances in accordance with accounting principles generally accepted in the United States of America.

Views of Responsible Officials

The District will evaluate whether additional internal control policies should be implemented to ensure that accounts are adjusted to their appropriate year-end balances in accordance with accounting principles generally accepted in the United States of America.

OTHER INFORMATION

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS COMPLIANCE TABLE
JUNE 30, 2024**

	AUDIT	UFARS	DIFFERENCE		AUDIT	UFARS	DIFFERENCE
01 GENERAL FUND				06 BUILDING CONSTRUCTION			
Total Revenue	\$ 3,163,735	\$ 3,163,733	\$ 2	Total Revenue	\$ -	\$ -	\$ -
Total Expenditures	3,032,594	3,032,592	2	Total Expenditures	-	-	-
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	5,150	5,150	-	460 Nonspendable Fund Balance	-	-	-
<i>Restricted/Reserved:</i>				<i>Restricted/Reserved:</i>			
403 Staff Development	-	-	-	407 Capital Projects Levy	-	-	-
406 Health and Safety	-	-	-	413 Projects Funded by COP	-	-	-
407 Capital Project Levy	-	-	-	467 LTFM	-	-	-
408 Cooperative Revenue	-	-	-	<i>Restricted:</i>			
413 Projects Funded by COP	-	-	-	464 Restricted Fund Balance	-	-	-
414 Operating Debt	-	-	-	<i>Unassigned:</i>			
416 Levy Reduction	-	-	-	463 Unassigned Fund Balance	-	-	-
417 Taconite Building Maint	-	-	-				
424 Operating Capital	-	-	-	07 DEBT SERVICE			
426 \$25 Taconite	-	-	-	Total Revenue	-	-	-
427 Disabled Accessibility	-	-	-	Total Expenditures	-	-	-
428 Learning & Development	-	-	-	<i>Nonspendable:</i>			
434 Area Learning Center	-	-	-	460 Nonspendable Fund Balance	-	-	-
435 Contracted Alt. Programs	-	-	-	<i>Restricted/Reserved:</i>			
436 State Approved Alt. Programs	-	-	-	425 Bond Refunding	-	-	-
438 Gifted & Talented	-	-	-	433 Maximum Effort Loan Aid	-	-	-
440 Teacher Development and Evaluations	-	-	-	451 QZAB Payments	-	-	-
441 Basic Skills Programs	-	-	-	<i>Restricted:</i>			
445 Career Tech Programs	-	-	-	464 Restricted Fund Balance	-	-	-
448 Achievement and Integration	-	-	-	<i>Unassigned:</i>			
449 Safe School Crime - Crime Levy	-	-	-	463 Unassigned Fund Balance	-	-	-
450 Pre-Kindergarten	-	-	-				
451 QZAB Payments	-	-	-	08 TRUST			
452 OPEB Liab Not in Trust	-	-	-	Total Revenue	-	-	-
453 Unfunded Sev & Retirement Levy	-	-	-	Total Expenditures	-	-	-
459 Basic Skills Extended Time	-	-	-	422 Unassigned Fund Balance (Net Assets)	-	-	-
467 LTFM	-	-	-				
472 Medical Assistance	111,603	111,603	-	20 INTERNAL SERVICE			
<i>Restricted:</i>				Total Revenue	-	-	-
464 Restricted Fund Balance	-	-	-	Total Expenditures	-	-	-
475 Title VII Impact Aid	-	-	-	422 Unassigned Fund Balance (Net Assets)	-	-	-
476 Payments in Lieu of Taxes	-	-	-				
<i>Committed:</i>				25 OPEB REVOCABLE TRUST			
418 Committed for Separation	-	-	-	Total Revenue	-	-	-
461 Committed Fund Balance	-	-	-	Total Expenditures	-	-	-
<i>Assigned:</i>				422 Unassigned Fund Balance (Net Assets)	-	-	-
462 Assigned Fund Balance	539,913	539,913	-				
<i>Unassigned:</i>				45 OPEB IRREVOCABLE TRUST			
422 Unassigned Fund Balance	404,706	404,706	-	Total Revenue	-	-	-
				Total Expenditures	-	-	-
02 FOOD SERVICES				422 Unassigned Fund Balance (Net Assets)	-	-	-
Total Revenue	-	-	-				
Total Expenditures	-	-	-	47 OPEB DEBT SERVICE			
<i>Nonspendable:</i>				Total Revenue	-	-	-
460 Nonspendable Fund Balance	-	-	-	Total Expenditures	-	-	-
<i>Restricted/Reserved:</i>				<i>Nonspendable:</i>			
452 OPEB Liab Not in Trust	-	-	-	460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>				<i>Restricted:</i>			
464 Restricted Fund Balance	-	-	-	425 Bond Refundings	-	-	-
<i>Unassigned:</i>				464 Restricted Fund Balance	-	-	-
463 Unassigned Fund Balance	-	-	-	<i>Unassigned:</i>			
				463 Unassigned Fund Balance	-	-	-
04 COMMUNITY SERVICE							
Total Revenue	-	-	-				
Total Expenditures	-	-	-				
<i>Nonspendable:</i>							
460 Nonspendable Fund Balance	-	-	-				
<i>Restricted/Reserved:</i>							
426 \$25 Taconite	-	-	-				
431 Community Education	-	-	-				
432 E.C.F.E.	-	-	-				
440 Teacher Development and Evaluation	-	-	-				
444 School Readiness	-	-	-				
447 Adult Basic Education	-	-	-				
452 OPEB Liab Not in Trust	-	-	-				
<i>Restricted:</i>							
464 Restricted Fund Balance	-	-	-				
<i>Unassigned:</i>							
463 Unassigned Fund Balance	-	-	-				



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