

**AUSTIN ALBERT LEA AREA SPECIAL EDUCATION  
COOPERATIVE DISTRICT NO. 6095**

**AUSTIN, MINNESOTA**

**FINANCIAL STATEMENTS  
WITH ACCOMPANYING INFORMATION**

**FOR THE YEAR ENDED JUNE 30, 2023**

**AUSTIN ALBERT LEA AREA SPECIAL EDUCATION  
COOPERATIVE DISTRICT NO. 6095  
Austin, Minnesota**

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**AUSTIN ALBERT LEA AREA SPECIAL EDUCATION  
COOPERATIVE DISTRICT NO. 6095**  
Austin, Minnesota

**Organization**

June 30, 2023

Joey Page	Chair
Ron Wagner	Vice-Chair
Neal Skaar	Clerk
Don Leathers	Treasurer

# **FELDMANN & COMPANY, CPAs, P.C.**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Governing Board  
Austin Albert Lea Area Special Education Cooperative District No. 6095  
Austin, Minnesota 55912

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Austin Albert Lea Area Special Education Cooperative District No. 6095 (the Cooperative) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Austin Albert Lea Area 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 each major fund of Austin Albert Lea Area Special Education Cooperative District No. 6095, as of June 30, 2023, and the respective changes in financial position and, where applicable, 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. 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 Austin Albert Lea Area 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.

### **Change in Accounting Principle**

As described in Note 8 to the financial statements, in 2023, the District adopted new accounting guidance, GASB Statement No.96, *Subscription-Based Information Technology Arrangements*. Our opinion is 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.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, 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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's 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.

#### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the uniform financial accounting and reporting standards compliance table. 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.

#### **Report on Summarized Comparative Information**

We have previously audited the Cooperative's 2022 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities and each major fund in our report dated November 2, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2023, on our consideration of the Austin Albert Lea Area 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 Area 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 Area Special Education Cooperative District No. 6095's internal control over financial reporting and compliance.

*Feldmann & Company, CPAs, P.C.*  
Feldmann & Company, CPAs P.C.

December 5, 2023

**SECTION I – REQUIRED SUPPLEMENTARY INFORMATION**

**AUSTIN ALBERT LEA AREA SPECIAL EDUCATION  
COOPERATIVE DISTRICT NO. 6095**

Albert Lea, Minnesota

**Management's Discussion and Analysis**

Fiscal Year Ended June 30, 2023

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, 2023. 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 2022-23 fiscal year include the following:

- Total net position of \$875,482 as of June 30, 2023 is an increase of \$350,001 from the prior year total net position of \$525,481.
- Revenues totaled \$3,189,780 and were \$350,001 more than expenses of \$2,839,779.
- The General Fund balance (under the governmental fund presentation) increased \$226,831 over the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of the annual report consists of four parts. They are:

- Independent Auditor's Report
- Required supplementary information which includes the Management's Discussion and Analysis
- Basic financial statements, and
- Supplemental information.

The annual report also includes the Required Auditor's Reports, and Other Information.

**AUSTIN ALBERT LEA AREA SPECIAL EDUCATION  
COOPERATIVE DISTRICT NO. 6095**

Albert Lea, Minnesota

**Management's Discussion and Analysis (continued)**

Fiscal Year Ended June 30, 2023

The basic financial statements include two kinds of statements that present different views of the Cooperative:

- The *government-wide financial statements*, including the statement of net position and statement of activities, provide short-term and long-term information about the Cooperative's *overall* financial status.
- The *fund financial statements* focus on individual parts of the Cooperative, reporting the Cooperative's operation in *more detail* than the government-wide statements. The Cooperative maintains one group of fund financial statements:
  - o *Governmental funds statements* review how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.

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

Figure A-1, on the following page, summarizes the major features of the Cooperative's financial statements, including portions of the Cooperative's activities covered and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**AUSTIN ALBERT LEA AREA SPECIAL EDUCATION  
COOPERATIVE DISTRICT NO. 6095  
Albert Lea, Minnesota**

**Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2023**

<b>Figure A – 1 Major Features of the Government-Wide and Fund Financial Statements</b>		
	<b>Government-Wide Statements</b>	<b>Fund Financial Statements Governmental Funds</b>
<b>Scope</b>	Entire district	The activities of the district
<b>Required financial statements</b>	Statement of net position  Statement of activities	Balance sheet  Statement of revenues, expenditures and changes in fund balances
<b>Accounting basis and measurement focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
<b>Type of asset/liability information</b>	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
<b>Type of inflow/ outflow information</b>	All revenues and expenses during the 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

**AUSTIN ALBERT LEA AREA SPECIAL EDUCATION  
COOPERATIVE DISTRICT NO. 6095**  
Albert Lea, Minnesota

**Management's Discussion and Analysis (continued)**  
Fiscal Year Ended June 30, 2023

**Government-Wide Statements**

The government-wide statements (Statement of Net Position and Statement of Activities) report information about the Cooperative as a whole using accounting methods similar to those used by private sector companies (accrual basis). The Statement of Net Position includes all of the Cooperative's assets 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 government-wide statements report the Cooperative's net position and how they have changed. Net position – the difference between the Cooperative's assets, deferred outflows of resources, liabilities and deferred inflows of resources – is one way to measure the Cooperative's financial health or position.

- Over time, increases or decreases in the Cooperative's net position are indicators of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the Cooperative requires consideration of additional non-financial factors such as changes in the Cooperative's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, the Cooperative's activities are shown in one category titled "governmental activities".

- Governmental activities – The Cooperative's basic service reported here is special education. The revenues are financed by state aid and member districts for excess costs for District No. 6095 staff.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the Cooperative's fund, focusing on its most significant or "major" fund, rather than the Cooperative as a whole. The Cooperative has no "nonmajor" funds.

Funds are accounting devices the Cooperative uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and bond covenants.
- Some Cooperatives establish other funds to control and manage money for particular purposes (e.g. repaying its long-term debts) or to show that it is properly using certain revenues (e.g. federal grants). Austin Albert Lea Area Special Education Cooperative District No. 6095 does not have any of these funds established.

**AUSTIN ALBERT LEA AREA SPECIAL EDUCATION  
COOPERATIVE DISTRICT NO. 6095**

Albert Lea, Minnesota

**Management's Discussion and Analysis (continued)**

Fiscal Year Ended June 30, 2023

The Cooperative maintains just one kind of fund:

- *Governmental funds* – The Cooperative's basic services are included in governmental funds which generally focus on: 1) how cash and other financial assets that can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or less financial resources that can be spent in the near future to finance the Cooperative's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information (reconciliation schedules) immediately following the governmental funds statements that explain the relationship (or differences) between these two types of financial statement presentations.

**FINANCIAL ANALYSIS OF THE COOPERATIVE AS A WHOLE**

**Net Position**

The Cooperative's combined net position was \$875,482 on June 30, 2023. This was an increase of \$350,021 from the previous year's total of \$525,481. (See Table A-1).

<b>Table A-1</b>			
<b>Net Position - Governmental Activities</b>			
	<u>2023</u>	<u>2022</u>	<u>\$ Change 2022 to 2023</u>
<b>Assets</b>			
Current and Other Assets	\$ 1,629,708	\$ 1,130,550	\$ 499,158
Capital Assets	2,446,680	2,584,065	\$ (137,385)
Total Assets	<u>4,076,388</u>	<u>3,714,615</u>	<u>361,773</u>
<b>Liabilities</b>			
Long-Term Liabilities	2,475,232	2,733,058	(257,826)
Other Liabilities	725,674	456,076	269,598
Total Liabilities	<u>3,200,906</u>	<u>3,189,134</u>	<u>11,772</u>
<b>Net Position</b>			
Net Investment in Capital Assets	(28,552)	(148,993)	120,441
Restricted	67,857	-	67,857
Unrestricted	836,177	674,474	161,703
Total Net Position	<u>\$ 875,482</u>	<u>\$ 525,481</u>	<u>\$ 350,001</u>

**AUSTIN ALBERT LEA AREA SPECIAL EDUCATION  
COOPERATIVE DISTRICT NO. 6095**  
Albert Lea, Minnesota

**Management's Discussion and Analysis (continued)**  
Fiscal Year Ended June 30, 2023

**Changes in Net Position**

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

<b>Table A-2</b>			
<b>Change in Net Position</b>			
	<b>2023</b>	<b>2022</b>	<b>\$ Change 2022 to 2023</b>
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$ 488,552	\$ 456,338	\$ 32,214
Operating Grants and Contributions	2,664,571	2,232,955	431,616
General Revenues			
Other	36,657	1,362	35,295
Total Revenues	3,189,780	2,690,655	499,125
<b>Expenses</b>			
Administration	3,709	4,027	(318)
District Support Services	68,044	75,737	(7,693)
Special Education Instruction	2,416,539	2,204,772	211,767
Pupil Support Services	33,765	23,682	10,083
Sites and Buildings	242,441	200,942	41,499
Fiscal and Other Fixed Cost Programs	10,215	9,946	269
Interest and Fiscal Charges on			
Long-Term Liabilities	65,066	71,457	(6,391)
Total Expenses	2,839,779	2,590,563	249,216
<b>Increase in Net Position</b>	<b>350,001</b>	<b>100,092</b>	249,909
<b>Beginning of Year Net Position</b>	<b>525,481</b>	<b>425,389</b>	100,092
<b>End of Year Net Position</b>	<b>\$ 875,482</b>	<b>\$ 525,481</b>	<b>\$ 350,001</b>

The Cooperative's total revenues were \$3,189,780 for the year ended June 30, 2023. For 2022-23 state aid accounted for 81.79 percent of total revenues for the year. Federal aid accounted for 1.75 percent of total revenue. The remaining 16.46 percent came from billings from member districts for services and other local revenue.

The total cost of all programs and services was \$2,839,779. The Cooperative's expenses are related to educating special education students.

In 2022-23, total revenues surpassed expenditures, increasing net position by \$350,001. The June 30, 2023 net position totaled \$875,482.

**AUSTIN ALBERT LEA AREA SPECIAL EDUCATION  
COOPERATIVE DISTRICT NO. 6095**

Albert Lea, Minnesota

**Management's Discussion and Analysis (continued)**

Fiscal Year Ended June 30, 2023

- The cost of all governmental activities for 2022-23 was \$2,839,779. Of this amount, \$488,552 was supported by charges to member districts. The net revenue of all governmental activities for 2022-23 was \$313,344. (See Table A-3)
- About 17.20 percent, or \$488,552 of the costs was paid by the users of the Cooperative's programs.
- The state government subsidized programs with grants. This totaled \$2,664,571, or 83.53 percent of the total revenue for 2022-23.

	<b>2023</b>	<b>2022</b>	<b>\$ Change 2022 to 2023</b>
Administration	\$ (3,709)	\$ (4,027)	\$ 318
District Support Services	(68,044)	(75,737)	7,693
Special Education Instruction	718,254	464,492	253,762
Instructional Support Services	-	-	-
Pupil Support Services	(15,435)	(3,653)	(11,782)
Sites and Buildings	(242,441)	(200,942)	(41,499)
Fiscal and Other Fixed Cost Programs	(10,215)	(9,946)	(269)
Interest and Fiscal Charges on Long-Term Liabilities	(65,066)	(71,457)	6,391
<b>Total</b>	<b>\$ 313,344</b>	<b>\$ 98,730</b>	<b>\$ 214,614</b>

**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 2022-23 fiscal year, the Cooperative's governmental fund reported a fund balance of \$930,231, which is an increase of \$226,831 from the June 30, 2022, fund balance of \$703,400.

Revenues and other financing sources for the Cooperative's governmental funds were \$3,189,780, while total expenditures were \$2,962,949. As a result, the Cooperative completed the year with revenues and other financing sources over expenditures of \$226,831.

**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 AREA SPECIAL EDUCATION  
COOPERATIVE DISTRICT NO. 6095**  
Albert Lea, Minnesota

**Management's Discussion and Analysis (continued)**  
Fiscal Year Ended June 30, 2023

The following schedule presents a summary of general fund revenues.

	Year Ended June 30, 2023	Year Ended June 30, 2022	Amount of Increase (Decrease)
Local Sources	\$ 524,849	\$ 457,700	\$ 67,149
State Sources	2,608,900	2,205,592	403,308
Federal Sources	55,671	27,363	28,308
<b>Total General Fund Revenues</b>	<b>\$ 3,189,420</b>	<b>\$ 2,690,655</b>	<b>\$ 498,765</b>

The following schedule presents a summary of general fund expenditures.

	Year Ended June 30, 2023	Year Ended June 30, 2022	Amount of Increase (Decrease)
Purchased Services	\$ 2,414,564	\$ 2,184,522	\$ 230,042
Supplies and Materials	83,807	54,865	28,942
Capital Expenditures	138,407	5,900	132,507
Other Expenditures	326,171	327,242	(1,071)
<b>Total General Fund Expenditures</b>	<b>\$ 2,962,949</b>	<b>\$ 2,572,529</b>	<b>\$ 390,420</b>

In summary, 2022-23 general fund revenues and other financing sources were greater than expenditures. As a result, the total general fund balance increased by \$226,831.

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

Year-End	Unassigned Fund Balance	Percentage of Expenditures
June 30, 2022	\$ 703,400	27.34%
June 30, 2023	\$ 862,374	29.11%

This information is the single best measure of overall financial health. The unassigned fund balance of \$862,374 at June 30, 2023 represents 29.11% of the annual expenditures of the Cooperative.

**AUSTIN ALBERT LEA AREA SPECIAL EDUCATION  
COOPERATIVE DISTRICT NO. 6095  
Albert Lea, Minnesota**

**Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2023**

**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 expenditures would exceed revenues and other financing sources by \$16,781. Actual results for the year show that revenues and other financing sources exceeded expenditures by \$226,831.

Actual revenues were \$282,879 more than budgeted and expenditures were \$39,267 more than budgeted. Revenues were more than budgeted as special education aid came in higher than initially estimated and expenditures came in higher than budgeted due to capital expenditures.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of fiscal year 2023, the Cooperative had net capital assets of \$2,446,680 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 \$274,893.

**Long-Term Liabilities**

At year-end, the Cooperative had \$2,475,232 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.

**FACTORS BEARING ON THE COOPERATIVE'S FUTURE**

The Cooperative has seen growth in its fund balance over the past few years. It has felt that these funds are needed 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 3<sup>rd</sup> Avenue NW, Austin, MN 55912.

**SECTION II – BASIC FINANCIAL STATEMENTS**

**AUSTIN ALBERT LEA AREA SPECIAL EDUCATION  
COOPERATIVE DISTRICT NO. 6095**

Austin, Minnesota

**Statement of Net Position**

As of June 30, 2023

	Governmental Activities
	2023
<b>Assets</b>	
Cash and investments	\$ 1,232,195
Other accounts receivable	2,475
Interest receivable	747
Due from Minnesota Department of Education	376,967
Due from Federal Government through Minnesota Department of Education	12,324
Prepaid expenses	5,000
Capital assets	
Construction in progress (Nondepreciable asset)	25,475
Land improvements	46,273
Buildings and improvements	4,080,600
Equipment	55,595
Less: Accumulated depreciation	(1,761,263)
Capital assets - net of accumulated depreciation	2,446,680
<b>Total Assets</b>	4,076,388
<b>Liabilities</b>	
Other accounts payable	34,225
Accrued interest	26,197
Due to other Minnesota school districts	634,435
Due to other governmental units	5,342
Construction contract payable	25,475
<b>Long-Term Liabilities</b>	
Due within one year	264,416
Due in more than one year	2,210,816
<b>Total Liabilities</b>	3,200,906
<b>Net Position</b>	
Net investment in capital assets	(28,552)
Restricted for other purposes	67,857
Unrestricted	836,177
<b>Total Net Position</b>	\$ 875,482

*The accompanying notes to financial statements are an integral part of this statement.*

**AUSTIN ALBERT LEA AREA SPECIAL EDUCATION  
COOPERATIVE DISTRICT NO. 6095**  
Austin, Minnesota

**Statement of Activities**  
For the Year Ended June 30, 2023

Functions/Programs	2023				Net (Expense) Revenue and Changes in Net Position
	Expenses	Program Revenues			Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
Administration	\$ 3,709	\$ -	\$ -	\$ -	\$ (3,709)
District support services	68,044	-	-	-	(68,044)
Special education instruction	2,416,539	488,552	2,646,241	-	718,254
Pupil support services	33,765	-	18,330	-	(15,435)
Sites and buildings	242,441	-	-	-	(242,441)
Fiscal and other fixed cost programs	10,215	-	-	-	(10,215)
Interest and fiscal charges on long-term debt	65,066	-	-	-	(65,066)
<b>Total Governmental Activities</b>	<b>\$ 2,839,779</b>	<b>\$ 488,552</b>	<b>\$ 2,664,571</b>	<b>\$ -</b>	<b>313,344</b>
			General revenues:		
			Other revenue	466	
			Investment earnings	36,191	
			Total general revenues	36,657	
			Changes in net position	350,001	
			Net position - beginning	525,481	
			Net position - ending	\$ 875,482	

*The accompanying notes to financial statements are an integral part of this statement.*

**AUSTIN ALBERT LEA AREA SPECIAL EDUCATION  
COOPERATIVE DISTRICT NO. 6095**

Austin, Minnesota

**Governmental Funds**

**Balance Sheet**

As of June 30, 2023

(with Partial Comparative Information as of June 30, 2022)

	General	Total Governmental Funds	
		2023	2022
<b>Assets</b>			
Cash and investments	\$ 1,232,195	\$ 1,232,195	\$ 822,273
Other accounts receivable	2,475	2,475	-
Interest receivable	747	747	-
Due from Minnesota Department of Education	376,967	376,967	295,627
Due from Federal Government through Minnesota Department of Education	12,324	12,324	12,650
Prepaid expenses	5,000	5,000	-
<b>Total Assets</b>	<b>\$ 1,629,708</b>	<b>\$ 1,629,708</b>	<b>\$ 1,130,550</b>
<b>Liabilities</b>			
Other accounts payable	\$ 34,225	\$ 34,225	\$ 24,662
Due to other Minnesota school districts	634,435	634,435	402,488
Due to other governmental units	5,342	5,342	-
Construction contract payable	25,475	25,475	-
<b>Total Liabilities</b>	<b>699,477</b>	<b>699,477</b>	<b>427,150</b>
<b>Fund Balances</b>			
Nonspendable	5,000	5,000	-
Restricted	62,857	62,857	-
Unassigned	862,374	862,374	703,400
<b>Total Fund Balances</b>	<b>930,231</b>	<b>930,231</b>	<b>703,400</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,629,708</b>	<b>\$ 1,629,708</b>	<b>\$ 1,130,550</b>

*The accompanying notes to financial statements are an integral part of this statement.*

**AUSTIN ALBERT LEA AREA SPECIAL EDUCATION  
COOPERATIVE DISTRICT NO. 6095  
Austin, Minnesota**

**Governmental Funds  
Reconciliation of the Balance Sheet to the Statement of Net Position  
As of June 30, 2023**

	2023
Total fund balances - governmental funds	\$ 930,231
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.	
Cost of capital assets	4,207,943
Less: accumulated depreciation	(1,761,263)
Government Funds do not report a liability for accrued interest on long-term debt until due and payable	
	(26,197)
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	(2,475,232)
Total net position - governmental activities	\$ 875,482

*The accompanying notes to financial statements are an integral part of this statement.*

**AUSTIN ALBERT LEA AREA SPECIAL EDUCATION  
COOPERATIVE DISTRICT NO. 6095**  
Austin, Minnesota

**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
For the Year Ended June 30, 2023  
(with Partial Comparative Information for the Year Ended June 30, 2022)

	General	Total Governmental Funds	
		2023	2022
<b>Revenues</b>			
Other local revenue	\$ 524,849	\$ 524,849	\$ 457,700
State sources	2,608,900	2,608,900	2,205,592
Federal sources through Department of Education	55,671	55,671	27,363
<b>Total Revenues</b>	<b>3,189,420</b>	<b>3,189,420</b>	<b>2,690,655</b>
<b>Expenditures</b>			
Administration	3,359	3,359	3,593
District support services	61,621	61,621	67,553
Special education instruction	2,188,435	2,188,435	1,966,537
Pupil support services	30,578	30,578	21,123
Sites and buildings	206,576	206,576	179,229
Fiscal and other fixed cost programs	9,251	9,251	8,871
Capital outlay	137,508	137,508	-
Debt service:			
Principal	257,826	257,826	251,505
Interest and fiscal charges	67,795	67,795	74,118
<b>Total Expenditures</b>	<b>2,962,949</b>	<b>2,962,949</b>	<b>2,572,529</b>
Excess of revenues over expenditures	226,471	226,471	118,126
<b>Other Financing Sources</b>			
Local sales and insurance recovery	360	360	-
<b>Excess of revenues and other financing sources over (under) expenditures and other uses</b>	<b>\$ 226,831</b>	<b>\$ 226,831</b>	<b>\$ 118,126</b>
<b>Fund Balance</b>			
Beginning of year	\$ 703,400	\$ 703,400	\$ 585,274
Excess of revenues and other financing sources over (under) expenditures	226,831	226,831	118,126
End of year	<b>\$ 930,231</b>	<b>\$ 930,231</b>	<b>\$ 703,400</b>

*The accompanying notes to financial statements are an integral part of this statement.*

**AUSTIN ALBERT LEA AREA SPECIAL EDUCATION  
COOPERATIVE DISTRICT NO. 6095  
Austin, Minnesota**

**Governmental Fund  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
to the Statement of Activities  
Year Ended June 30, 2023**

	2023
Total net changes in fund balances - governmental funds	\$ 226,831
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>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.</p>	
Capital outlays	137,508
Depreciation expense	(274,893)
<p>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 expenditure in the governmental funds. But repayment reduces the purchase agreement in the statement of net position.</p>	
Principal payments - Purchase agreement	257,826
<p>Interest is recognized as an expenditure in the governmental funds when it is due.</p>	
Change in accrued interest	2,729
Change in net position - governmental activities	\$ 350,001

*The accompanying notes to financial statements are an integral part of this statement.*

**AUSTIN ALBERT LEA AREA SPECIAL EDUCATION  
COOPERATIVE DISTRICT NO. 6095**

Austin, Minnesota

**General Fund**

**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

For the Year Ended June 30, 2023

	2023			
	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
<b>Revenues</b>				
Tuition, fees and admissions	\$ 424,722	\$ 460,621	\$ 488,552	\$ 27,931
Investment income	2,000	15,000	36,191	21,191
Other local revenue	-	80	106	26
State aids received through Minnesota				
Department of Education	2,382,046	2,360,708	2,608,900	248,192
Federal aids received through Minnesota				
Department of Education	45,187	70,132	55,671	(14,461)
<b>Total Revenues</b>	<u>2,853,955</u>	<u>2,906,541</u>	<u>3,189,420</u>	<u>282,879</u>
<b>Expenditures</b>				
Administration	3,280	3,815	3,359	(456)
District support services	63,657	74,946	61,621	(13,325)
Special education instruction	2,260,701	2,184,759	2,188,435	3,676
Pupil support services	11,066	53,437	30,578	(22,859)
Sites and buildings	211,119	271,853	344,084	72,231
Fiscal and other fixed cost programs	9,700	9,251	9,251	-
Debt service:				
Principal	257,827	257,826	257,826	-
Interest and fiscal charges	67,796	67,795	67,795	-
<b>Total Expenditures</b>	<u>2,885,146</u>	<u>2,923,682</u>	<u>2,962,949</u>	<u>39,267</u>
Excess (deficiency) of revenues over (under) expenditures	(31,191)	(17,141)	226,471	243,612
Other Financing Sources				
Local Sales and insurance recovery	-	360	360	-
Excess of revenues and other financing sources over (under) expenditures	<u>\$ (31,191)</u>	<u>\$ (16,781)</u>	<u>\$ 226,831</u>	<u>\$ 243,612</u>
<b>Changes in Fund Balance</b>				
Fund balance, beginning of year			\$ 703,400	
Excess of revenues and other financing sources over (under) expenditures			<u>226,831</u>	
Fund balance, end of year			<u>\$ 930,231</u>	

**AUSTIN ALBERT LEA AREA SPECIAL EDUCATION  
COOPERATIVE DISTRICT NO. 6095**

Austin, Minnesota

**Notes to Financial Statements**

June 30, 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

The financial statements of Austin Albert Lea Area 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 Area 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.

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.

**AUSTIN ALBERT LEA AREA SPECIAL EDUCATION  
COOPERATIVE DISTRICT NO. 6095**

Austin, Minnesota

**Notes to Financial Statements (continued)**

June 30, 2023

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 applied 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.
2. **Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred.

**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.

**AUSTIN ALBERT LEA AREA SPECIAL EDUCATION  
COOPERATIVE DISTRICT NO. 6095**

Austin, Minnesota

**Notes to Financial Statements (continued)**

June 30, 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Budgeting**

The budget for the fund is prepared on the same basis of accounting as the financial statements. Legal budgetary control is at the fund level. The Governing Board adopted an annual budget for the following fiscal year for the General Fund. Budget amounts are presented as originally adopted or amended.

**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.

**G. Due from Minnesota Department of Education**

Represents amounts due to the Cooperative at June 30, 2023, from Minnesota Department of Education. The Cooperative receives payments from the Minnesota Department of Education on a metered system. 90 percent of the state aid is paid during the year and the remaining 10 percent is paid with clean-up payments in September and October of the next fiscal year.

**H. 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.

**I. 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 2023.

**J. Net Position**

Net position represents the difference between assets and liabilities in the government-wide financial statements and are displayed in two components:

**AUSTIN ALBERT LEA AREA SPECIAL EDUCATION  
COOPERATIVE DISTRICT NO. 6095**

Austin, Minnesota

**Notes to Financial Statements (continued)**

June 30, 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**Restricted** – The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

**Unrestricted** – The unrestricted component of net position is the net amount of assets and liabilities that are not included in the determination of net investment in capital assets.

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

**K. Fund Balance Classification**

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

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

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

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

**Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to School Board resolution, the District's superintendent or other designee is authorized to establish assignments of fund balance.

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

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

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

**AUSTIN ALBERT LEA AREA SPECIAL EDUCATION  
COOPERATIVE DISTRICT NO. 6095**

Austin, Minnesota

**Notes to Financial Statements (continued)**

June 30, 2023

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**NOTE 2 – DEPOSITS AND INVESTMENTS**

**A. Components of Cash and Investments**

Cash and investments consist of the following:

Deposits	\$ (28,071)
MSDLAF	769,266
CDs less than one year	491,000
	<u>\$ 1,232,195</u>

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

Cash and investments - Governmental Fund Statement of Net Assets	<u>\$ 1,232,195</u>
Total cash and investments	<u>\$ 1,232,195</u>

Custodial credit risk – Custodial credit risk is the risk that in the event of a bank failure, the Cooperative’s deposits may not be returned to it. The Cooperative does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits.

At year-end the carrying amount of the Cooperative’s cash deposits were \$(28,071), while the balance on the bank records was \$0. The Cooperative has a sweep account with MSDLAF + Liquid Class that moves funds as needed into the bank account.

**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, 2023, were entirely covered by federal depository insurance or by surety bonds and collateral, in accordance with Minnesota Statutes.

**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

**AUSTIN ALBERT LEA AREA SPECIAL EDUCATION  
COOPERATIVE DISTRICT NO. 6095**

Austin, Minnesota

**Notes to Financial Statements (continued)**

June 30, 2023

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**NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**

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.

The Cooperative has temporary investments at year-end of Minnesota School District Liquid Asset Fund Certificates of Deposit program in the amount of \$491,000. The Minnesota School Liquid Asset Fund is regulated by Minnesota Statutes and is an external investment pool not registered with the Securities Exchange Commission (SEC) that follow the same regulatory rules of the SEC under rule 2a7. The Cooperative's investment in this fund is measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximated fair value.

The Cooperative's investments are potentially subject to various risks including the following:

**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.

**Credit risk** – The risk that an issuer or other counterparty to an investment will not fulfill its obligations.

**Concentration risk** – The risk of investing 5 percent 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.

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

The Cooperative's investment policies do not further restrict investing in specific financial instruments.

**D. Fair Value Measurements**

The Cooperative uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The Cooperative follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the Cooperative has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

**AUSTIN ALBERT LEA AREA SPECIAL EDUCATION  
COOPERATIVE DISTRICT NO. 6095**

Austin, Minnesota

**Notes to Financial Statements (continued)**

June 30, 2023

**NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the financial instrument.

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

Net Asset Value (NAV): The fair value of investments in entities that calculate a net asset value per share are determined using the NAV in lieu of the leveling methodology described above. Assets valued at NAV held by the Cooperative consist of money market funds. These funds are highly liquid assets the Cooperative holds in addition to their cash to ensure adequate cash flow for operating activities such as benefit payments.

**NOTE 3 – CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2023, is as follows:

	Balance - Beginning of Year	Additions	Deletions	Balance - End of Year
Capital assets, not depreciated				
Construction in progress	\$ -	\$ 25,475	\$ -	\$ 25,475
Total capital assets, not depreciated	-	25,475	-	25,475
Capital assets, depreciated				
Land improvements	-	46,273	-	46,273
Buildings and improvements	4,024,000	56,600	-	4,080,600
Equipment	46,435	9,160	-	55,595
Total capital assets, depreciated	4,070,435	112,033	-	4,182,468
Accumulated Depreciation for				
Land improvements	-	(1,157)	-	(1,157)
Buildings and Improvements	(1,475,439)	(269,357)	-	(1,744,796)
Equipment	(10,931)	(4,379)	-	(15,310)
Total accumulated depreciation	(1,486,370)	(274,893)	-	(1,761,263)
Total capital assets, depreciated	2,584,065	(162,860)	-	2,421,205
Total capital assets, net	\$ 2,584,065	\$ (137,385)	\$ -	\$ 2,446,680

Depreciation expense of \$274,893 for the year ended June 30, 2023, was charged to the following governmental functions:

**AUSTIN ALBERT LEA AREA SPECIAL EDUCATION  
COOPERATIVE DISTRICT NO. 6095**

Austin, Minnesota

**Notes to Financial Statements (continued)**

June 30, 2023

**NOTE 3 – CAPITAL ASSETS (CONTINUED)**

Administration	\$	350
District support		6,423
Special education instruction		228,104
Pupil support		3,187
Sites and buildings		35,865
Fiscal and other costs		964
Total depreciation expense	<u>\$</u>	<u>274,893</u>

**NOTE 4 – LONG-TERM LIABILITIES**

**A. Components of Long-Term Liabilities**

Long-term liabilities of the Cooperative are as follows:

	Due Within One Year	Total
Building purchase payable	<u>\$ 264,416</u>	<u>\$ 2,475,232</u>

**B. Description of Long-Term Liabilities**

**Building Purchase Payable**

The Cooperative entered into an Agreement to Convey Title with the member districts for the Oakland Education Center. Payments are due to Austin Public Schools in semi-annual installments through August 1, 2032. Interest is charged at 2.54%. Total cost of the building related to the building purchase is \$4,024,000 and accumulated depreciation is \$1,744,797.

The following is a schedule of the future minimum purchase payments under the purchase agreement together with the present value of the net minimum purchase payments as of June 30, 2023:

Year Ending June 30,	Amount
2024	\$ 325,621
2025	325,621
2026	325,622
2027	325,622
2028	325,621
2029-2032	<u>1,139,677</u>
Total minimum purchase payments	<u>2,767,784</u>
Less amounts representing interest	<u>292,552</u>
Present value of net minimum purchase payments	<u>\$ 2,475,232</u>

**C. Changes in Long-Term Debt**

	Balance 6/30/2022	Issued/Increase (Decrease)	Retirements	Balance 6/30/2023	Amount Due in One Year
Building Purchase Payable	\$ 2,733,058	\$ -	\$ 257,826	\$ 2,475,232	\$ 264,416

**AUSTIN ALBERT LEA AREA SPECIAL EDUCATION  
COOPERATIVE DISTRICT NO. 6095**  
Austin, Minnesota

**Notes to Financial Statements (continued)**  
June 30, 2023

**NOTE 5 – FUND BALANCE CLASSIFICATIONS**

On June 30, 2023, the Cooperative has recorded the following fund balance classifications:

	Nonspendable	Restricted	Unassigned	Total
Medical assistance	\$ -	\$ 62,857	\$ -	\$ 62,857
Prepaid expenses	5,000	-	-	5,000
Undesignated	-	-	425,102	425,102
<b>Total</b>	<b>\$ 5,000</b>	<b>\$ 62,857</b>	<b>\$ 425,102</b>	<b>\$ 492,959</b>

The Cooperative shall classify its fund balances in its various funds in one or more of the following five classifications: nonspendable, restricted, committed, assigned and unassigned.

**NOTE 6 – EXPENDITURES EXCEEDING BUDGET**

The following funds had expenditures exceeding budget:

Fund	Approved Budget	Actual Expenditures	Amount Over Budget
General	\$ 2,923,682	\$ 2,962,949	\$ 39,267

**NOTE 7 – COMMITMENTS AND CONTINGENCIES**

**A. Legal Claims**

The Cooperative has no pending litigation.

**B. 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.

**NOTE 8 – IMPLEMENTATION OF GASB STANDARD NO. 96**

On July 1, 2022, the District adopted Government Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The objective of this Statement is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs.

The District reviewed their SBITAs and they noted they had no SBITAs with technology arrangements that had longer than a one year agreement, that did not have a cancellation clause after one year.

**SECTION III – REQUIRED AUDITOR’S REPORTS**

**FELDMANN & COMPANY, CPAs, P.C.**

326 North Main Street ♦ Austin, Minnesota 55912

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

To the Governing Board  
Austin Albert Lea Area Special Education Cooperative District No. 6095  
Austin, Minnesota 55912

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 each major fund of Austin Albert Lea Area Special Education Cooperative District No. 6095 as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Austin Albert Lea Area Special Education Cooperative District No. 6095's basic financial statements and have issued our report thereon dated December 5, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Austin Albert Lea Area 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 Area Special Education Cooperative District No. 6095's internal control. Accordingly, we do not express an opinion on the effectiveness of the Austin Albert Lea Area 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Austin Albert Lea Area 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*.

**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.

Feldmann & Company CPAs P.C.  
Feldmann & Company, CPAs P.C.

December 5, 2023

**FELDMANN & COMPANY, CPAs, P.C.**

326 North Main Street ♦ Austin, Minnesota 55912

Tele (507) 433-2264

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INDEPENDENT AUDITOR'S REPORT ON LEGAL COMPLIANCE

To the Governing Board  
Austin Albert Lea Area Special Education Cooperative District No. 6095  
Austin, Minnesota 55912

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 each major fund of Austin Albert Lea Area Special Education Cooperative District No. 6095, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Austin Albert Lea Area Special Education Cooperative District No. 6095's basic financial statements, and have issued our report thereon dated December 5, 2023.

In connection with our audit, nothing came to our attention that caused us to believe that Austin Albert Lea Area 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 for School Districts* 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 Area 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.

  
Feldmann & Company, CPAs P.C.

December 5, 2023

**AUSTIN ALBERT LEA AREA SPECIAL EDUCATION  
COOPERATIVE DISTRICT NO. 6095**

Austin, Minnesota

**Schedule of Findings and Responses**

For the Year Ended June 30, 2023

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Finding

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The Cooperative did not have any reportable conditions.

**AUSTIN ALBERT LEA AREA SPECIAL EDUCATION  
COOPERATIVE DISTRICT NO. 6095  
Austin, Minnesota**

**Comments on Prior Year Findings  
For the Year Ended June 30, 2023**

The Cooperative did not have any reportable conditions in the June 30, 2022 audit report.

## **SECTION IV – OTHER INFORMATION**

AUSTIN ALBERT LEA AREA SPECIAL EDUCATION  
 COOPERATIVE DISTRICT NO. 6095  
 Austin, Minnesota

Uniform Financial Accounting and Reporting Standards Compliance Table  
 June 30, 2023

	Audit	UFARS	Audit - UFARS		Audit	UFARS	Audit - UFARS
<b>01 GENERAL FUND</b>				<b>06 BUILDING CONSTRUCTION</b>			
Total Revenue	\$3,189,420	<u>\$3,189,420</u>	\$0	Total Revenue	\$0	<u>\$0</u>	\$0
Total Expenditures	\$2,962,949	<u>\$2,962,949</u>	\$0	Total Expenditures	\$0	<u>\$0</u>	\$0
<i>Non Spendable:</i>				<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$5,000	<u>\$5,000</u>	\$0	4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	\$0
<i>Restricted / Reserved:</i>				<i>Restricted / Reserved:</i>			
4.01 Student Activities	\$0	<u>\$0</u>	\$0	4.07 Capital Projects Levy	\$0	<u>\$0</u>	\$0
4.02 Scholarships	\$0	<u>\$0</u>	\$0	4.13 Funded by COP/FP	\$0	<u>\$0</u>	\$0
4.03 Staff Development	\$0	<u>\$0</u>	\$0	4.67 LTFM	\$0	<u>\$0</u>	\$0
4.07 Capital Projects Levy	\$0	<u>\$0</u>	\$0	<i>Restricted:</i>			
4.08 Cooperative Revenue	\$0	<u>\$0</u>	\$0	4.64 Restricted Fund Balance	\$0	<u>\$0</u>	\$0
4.13 Funded by COP/FP	\$0	<u>\$0</u>	\$0	<i>Unassigned:</i>			
4.14 Operating Debt	\$0	<u>\$0</u>	\$0	4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	\$0
4.16 Levy Reduction	\$0	<u>\$0</u>	\$0	<b>07 DEBT SERVICE</b>			
4.17 Taconite Building Maint	\$0	<u>\$0</u>	\$0	Total Revenue	\$0	<u>\$0</u>	\$0
4.24 Operating Capital	\$0	<u>\$0</u>	\$0	Total Expenditures	\$0	<u>\$0</u>	\$0
4.26 \$25 Taconite	\$0	<u>\$0</u>	\$0	<i>Non Spendable:</i>			
4.27 Disabled Accessibility	\$0	<u>\$0</u>	\$0	4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	\$0
4.28 Learning & Development	\$0	<u>\$0</u>	\$0	<i>Restricted / Reserved:</i>			
4.34 Area Learning Center	\$0	<u>\$0</u>	\$0	4.25 Bond Refundings	\$0	<u>\$0</u>	\$0
4.35 Contracted Alt. Programs	\$0	<u>\$0</u>	\$0	4.33 Maximum Effort Loan Aid	\$0	<u>\$0</u>	\$0
4.36 State Approved Alt. Program	\$0	<u>\$0</u>	\$0	4.51 QZAB Payments	\$0	<u>\$0</u>	\$0
4.38 Gifted & Talented	\$0	<u>\$0</u>	\$0	4.67 LTFM	\$0	<u>\$0</u>	\$0
4.40 Teacher Development and Evaluation	\$0	<u>\$0</u>	\$0	<i>Restricted:</i>			
4.41 Basic Skills Programs	\$0	<u>\$0</u>	\$0	4.64 Restricted Fund Balance	\$0	<u>\$0</u>	\$0
4.48 Achievement and Integration	\$0	<u>\$0</u>	\$0	<i>Unassigned:</i>			
4.49 Safe Schools Levy	\$0	<u>\$0</u>	\$0	4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	\$0
4.51 QZAB Payments	\$0	<u>\$0</u>	\$0	<b>08 TRUST</b>			
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	\$0	Total Revenue	\$0	<u>\$0</u>	\$0
4.53 Unfunded Sev & Retirement Levy	\$0	<u>\$0</u>	\$0	Total Expenditures	\$0	<u>\$0</u>	\$0
4.59 Basic Skills Extended Time	\$0	<u>\$0</u>	\$0	<i>Restricted / Reserved:</i>			
4.67 LTFM	\$0	<u>\$0</u>	\$0	4.01 Student Activities	\$0	<u>\$0</u>	\$0
4.72 Medical Assistance	\$62,857	<u>\$62,857</u>	\$0	4.02 Scholarships	\$0	<u>\$0</u>	\$0
<i>Restricted:</i>				4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	\$0
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	\$0	<b>18 CUSTODIAL</b>			
4.75 Title VII Impact Aid	\$0	<u>\$0</u>	\$0	Total Revenue	\$0	<u>\$0</u>	\$0
4.76 Payments in Lieu of Taxes	\$0	<u>\$0</u>	\$0	Total Expenditures	\$0	<u>\$0</u>	\$0
<i>Committed:</i>				<i>Restricted / Reserved:</i>			
4.18 Committed for Separation	\$0	<u>\$0</u>	\$0	4.01 Student Activities	\$0	<u>\$0</u>	\$0
4.61 Committed Fund Balance	\$0	<u>\$0</u>	\$0	4.02 Scholarships	\$0	<u>\$0</u>	\$0
<i>Assigned:</i>				4.48 Achievement and Integration	\$0	<u>\$0</u>	\$0
4.62 Assigned Fund Balance	\$0	<u>\$0</u>	\$0	4.64 Restricted Fund Balance	\$0	<u>\$0</u>	\$0
<i>Unassigned:</i>				<b>20 INTERNAL SERVICE</b>			
4.22 Unassigned Fund Balance	\$862,374	<u>\$862,374</u>	\$0	Total Revenue	\$0	<u>\$0</u>	\$0
<b>02 FOOD SERVICES</b>				Total Expenditures	\$0	<u>\$0</u>	\$0
Total Revenue	\$0	<u>\$0</u>	\$0	<i>4.22 Unassigned Fund Balance (Net Assets)</i>			
Total Expenditures	\$0	<u>\$0</u>	\$0	4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	\$0
<i>Non Spendable:</i>				<b>25 OPEB REVOCABLE TRUST</b>			
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	\$0	Total Revenue	\$0	<u>\$0</u>	\$0
<i>Restricted / Reserved:</i>				Total Expenditures	\$0	<u>\$0</u>	\$0
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	\$0				
<i>Restricted:</i>							
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	\$0				