INDEPENDENT SCHOOL DISTRICT NO. 2884
RED ROCK CENTRAL
LAMBERTON, MINNESOTA
ANNUAL FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2023

INDEPENDENT SCHOOL DISTRICT NO. 2884
RED ROCK CENTRAL
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INTRODUCTORY SECTION

INDEPENDENT SCHOOL DISTRICT NO. 2884
RED ROCK CENTRAL
SCHOOL BOARD AND ADMINISTRATION
LAMBERTON, MINNESOTA

SCHOOL BOARD	POSITION	TERM ENDS
William Rogotzke	Chairperson	December 2026
Chad Stavnes	Vice Chair	December 2024
Thomas Kuehl	Treasurer	December 2024
Nate Erickson	Clerk	December 2024
Bruce Grant	Member	December 2026
Megan Imker	Member	December 2026
Alex Pankonin	Member	December 2024

ADMINISTRATION

Todd Lee	Superintendent
Greg Ewing	High School Principal

FINANCIAL SECTION

Kinner & Company Ltd

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Members of the School Board of the
Independent School District No. 2884

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, of the Independent School District No. 2884, Lamberton, Minnesota as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District No. 2884, Lamberton, Minnesota's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information, of the Independent School District No. 2884, Lamberton, Minnesota 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Independent School District No. 2884, Lamberton, Minnesota and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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 Independent School District No. 2884, Lamberton, Minnesota'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.

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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 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 Independent School District No. 2884, Lamberton, Minnesota'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 Independent School District No. 2884, Lamberton, Minnesota's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Government 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Independent School District No. 2884, Lamberton, Minnesota's basic financial statements. The accompanying combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepared the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and the Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2023, on our consideration of the Independent School District No. 2884, Lamberton, Minnesota'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Independent School District No. 2884, Lamberton, Minnesota's internal control over financial reporting and compliance.

Kinner & Company Ltd

Kinner & Company Ltd.
Certified Public Accountants
Wabasso, MN

November 15, 2023

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis

INDEPENDENT SCHOOL DISTRICT NO. 2884
RED ROCK CENTRAL
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

This section of Independent School District No. 2884's (District) annual financial report presents management's discussion of the District's financial performance during the fiscal year ending June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follows this section. The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.* Certain comparative information between the current year (FY 2023) and the prior year (FY 2022) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

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

- Net position in the Statement of Net Position increased $1,131,902 from the prior year to $2,129,084. This increase was the result of a variety of factors including debt service levy and Federal and State source aids.

- The fund balance in the General Fund decreased $1,232,143 to $2,069,497. The fund balance in the Food Service Fund increased $52,225 to $437,129. The fund balance in the Community Service Fund increased $11,334 to $149,110.

- The District issued $41,000,000 General Obligation School Building Bonds, Series 2022A during the prior fiscal year to construct a new school building. Additionally, the bond was issued at a premium of $1,775,778. Repayment of the bond began in fiscal year 2023. Two funds were established in the prior year to account for the loan proceeds and accumulation of resources; the Debt Service Fund and the Building Construction Fund. Construction in progress as of June 30, 2023 totaled $11,458,302.

OVERVIEW OF THE FINANCIAL STATEMENTS

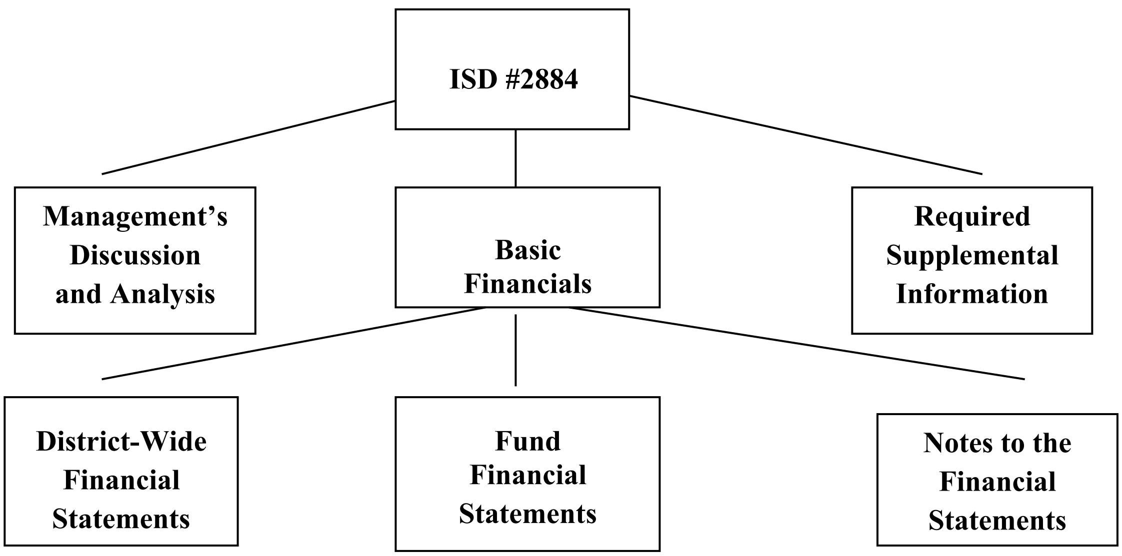
The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements and notes to the financial statements, and the other supplementary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

- The government-wide financial statements, including the Statement of Net Position and the Statement of Activities, provide both short-term and long-term information about the District's overall financial status.

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

The statements include a section of budgetary comparison information that further explains and supports the financial statements with a comparison of the district's budget for the year. The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

The diagram below shows how the various parts of this annual report are arranged and related to one another.



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

Major Features of the Government-wide and Fund Financial Statements

		Fund Financial Statements	
	Government-wide Statements	**Governmental Funds**	**Proprietary Funds**
Scope	Entire Primary Government	The activities of the District that are not proprietary, such as the General Fund	Activities the District operates similar to private businesses, currently the District does not have any.
Required Financial Statements	-Statement of Net Position -Statement of Activities	-Balance Sheet -Statement of Revenues, Expenditures, and Changes in Fund Balances	-Balance Sheet -Statement of Revenues, Expenditures, and Changes in Fund Balances -Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual account and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

GOVERNMENT-WIDE STATEMENTS

The government-wide statements (Statement of Net Position and Statement of Activities) report information about the District as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the District's assets, liabilities, deferred outflow of resources, and deferred inflow of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, the District's activities are all shown in one category titled governmental activities. The District's basic services are reported here, including regular and special education, transportation, administration, food services, and community education. Property taxes and state aids finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or "major" funds – rather than the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

The District has one kind of fund:

- Governmental funds – The District's basic services are included in governmental funds, which generally focus on: 1) how cash and other financial assets that can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. Consequently, the governmental 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 District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information (reconciliation schedules) follows the governmental funds statements that explain the relationship (or differences) between these two types of financial statement presentations.

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

NET POSITION

The District's net position was $2,129,084 and $997,182 on June 30, 2023 and 2022, respectively which is an increase of $1,131,902 from the previous year largely due to fluctuations related to deferred inflows for the Teachers Retirement Association (TRA) during the year. A summary of the District's net position is as follows:

Condensed Statement of Net Position	June 30, 2023	June 30, 2022	Percentage Change
Current and Other Assets	$ 43,550,049	$ 49,048,741	-11.2%
Capital Assets	14,103,967	3,663,887	284.9%
Total Assets	57,654,016	52,712,628	9.4%
Deferred Outflows of Resources	1,443,471	1,523,541	-5.3%
Long-term Liabilities	45,077,339	44,207,609	2.0%
Other Liabilities	8,681,609	3,819,344	127.3%
Total Liabilities	53,758,948	48,026,953	11.9%
Deferred Inflows of Resources	3,209,455	5,212,034	-38.4%
Net Position			
Net Investment in Capital Assets	3,783,116	2,180,949	73.5%
Restricted	21,245,795	41,264,106	-48.5%
Unrestricted	(22,899,827)	(42,447,873)	-46.1%
Total Net Position	$ 2,129,084	$ 997,182	113.5%

INDEPENDENT SCHOOL DISTRICT NO. 2884
RED ROCK CENTRAL
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

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

CHANGE IN NET POSITION

A summary of the District's revenues and expenses is as follows:

Condensed Statement of Activities	June 30, 2023	June 30, 2022	Percentage Change
Revenues			
Program Revenues			
Charges for service	$ 430,021	$ 105,898	306.1%
Operating grants and contributions	1,102,719	1,487,301	-25.9%
Capital grants and contributions	52,445	250,851	-79.1%
General Revenues			
Property taxes	2,085,866	856,253	143.6%
Unallocated Aid	4,720,618	3,629,968	30.0%
Other	686,299	(643,002)	-206.7%
Total Revenues	9,077,968	5,687,269	59.6%
Expenses			
Administrative and district support	718,973	761,452	-5.6%
Regular, vocational, special education instruction	4,292,572	2,782,679	54.3%
Instructional support services	194,483	219,152	-11.3%
Pupil support services	614,535	509,648	20.6%
Sites and buildings	561,191	473,030	18.6%
Fiscal and other cost programs	55,700	41,377	34.6%
Food services	286,009	269,457	6.1%
Community services	96,634	91,506	5.6%
Interest on long-term debt	1,085,364	547,598	98.2%
Other	40,605	595,320	-93.2%
Total Expenses	7,946,066	6,291,219	26.3%
Changes in Net Position	1,131,902	(603,950)	-287.4%
Beginning Net Position	997,182	1,601,132	
End of Year Net Position	$ 2,129,084	$ 997,182	113.5%

The District's total revenues consisted of program revenues of $1,585,185, property taxes of $2,085,866, unallocated aids of $4,720,618, and miscellaneous revenues of $686,299. Total expenses of $7,946,066 consisted largely of student instructional costs (54%).

- The users of the District's programs paid for 5%, or $430,021, of the total costs.
- The federal and state governments subsidized certain programs with operating and capital grants and contributions. This totaled $1,155,164, or 15% of the total costs.
- Most of the District's net cost of services however, was paid for by state taxpayers based on the statewide education aid formula and by District taxpayers.

INDEPENDENT SCHOOL DISTRICT NO. 2884
RED ROCK CENTRAL
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (FUND FINANCIAL STATEMENTS)

FUND BALANCE

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of $33,511,460. This was a net decrease of $10,358,738 from $43,870,198 at the end of the prior year. The main source of the decrease was due to capital outlay in the Building Construction Fund and debt repayment. The decrease of $1,232,143 in the General Fund occurred primarily due to increased capital outlay. The Debt Service Fund had a fund balance increased $120,175 due to excess property taxes and state sources over principal and interest payments.

REVENUES AND EXPENDITURES

Revenues of the District's governmental funds totaled $9,045,352 which was an increase of 59% from the previous year total of $5,693,905. This increase is attributable to the debt service levy. Total expenditures were $19,556,317 which was an increase of over 100% from the previous year total of $8,745,625. This increase is due to debt repayment and capital outlay for the new school building. A summary of the revenues and expenditures reported on the governmental financial statements is as follows:

ANALYSIS OF INDIVIDUAL FUNDS

	Fiscal Year 2023			
	Revenue	Expenditures	Other Sources (Uses)	Fund Balance Increase (Decrease)
General Fund	$ 5,521,989	$ 6,906,359	$ 152,227	$ (1,232,143)
Food Service Fund	330,617	278,392	-	52,225
Community Service Fund	107,097	95,763	-	11,334
Debt Service Fund	2,365,403	2,245,228	-	120,175
Building Construction Fund	720,246	10,030,575	-	(9,310,329)
Total	$ 9,045,352	$ 19,556,317	$ 152,227	$(10,358,738)

	Fiscal Year 2022			
	Revenue	Expenditures	Other Sources (Uses)	Fund Balance Increase (Decrease)
General Fund	$ 5,847,488	$ 6,312,936	$ 6,057	$ (459,391)
Food Service Fund	418,047	277,027	-	141,020
Community Service Fund	95,095	92,485	-	2,610
Debt Service Fund	103	-	-	103
Building Construction Fund	(666,828)	2,063,177	42,775,778	40,045,773
Total	$ 5,693,905	$ 8,745,625	$ 42,781,835	$ 39,730,115

GENERAL FUND

The General Fund is used by the District to record the primary operations of providing educational services to students from kindergarten through grade twelve. Pupil transportation activities, capital purchases, and major maintenance projects are also included in the General Fund.

Basic general education revenue is determined by multiple state formulas, largely enrollment driven, and consists of an equalized mix of property tax and state aid revenue. Other state-authorized revenue including operating levy referendum and the property tax shift also involves an equalized mix of property tax and state aid revenue.

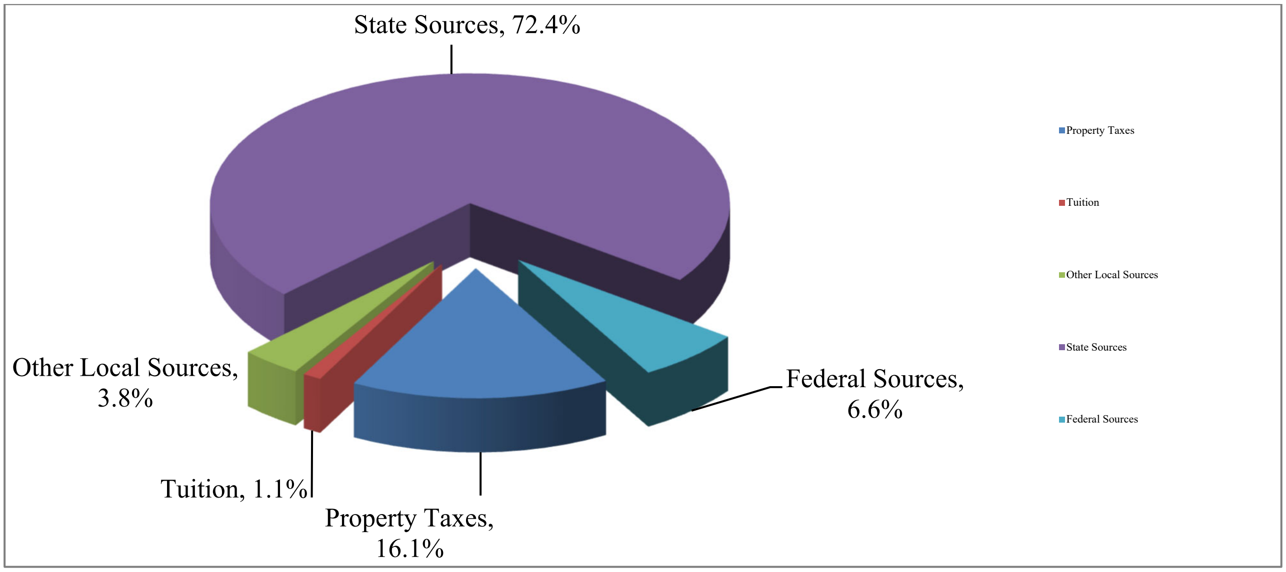
The following schedule presents a summary of General Fund revenues and other financing sources:

	Year Ended 6/30/2023	Year Ended 6/30/2022	Amount Change	Percentage Change
Local Sources				
Property Taxes	$ 888,312	$ 831,397	$ 56,915	6.8%
Tuition and Contracts	63,450	15,124	48,326	319.5%
Other Local Sources	102,191	85,678	16,513	19.3%
State Sources	3,998,185	4,213,188	(215,003)	-5.1%
Federal Sources	364,688	642,490	(277,802)	-43.2%
Interest	50,218	10,218	40,000	391.5%
Other	54,945	49,393	5,552	11.2%
Total Revenues	5,521,989	5,847,488	(325,499)	-5.6%
Other Financing Sources				
Insurance Proceeds	152,227	5,964	146,263	2452.4%
Sale of Assets	-	93	(93)	-100.0%
Total Revenues and Other Financing Sources	$ 5,674,216	$ 5,853,545	$ (179,329)	-3.1%

In summary, the 2022-2023 General Fund revenues and other financing sources decreased by $179,329, 3.1%, from the previous year. Basic general education revenue is determined by a per student funding formula. Other state-authorized revenue involves an equalized mix of property tax and state aid revenue. Therefore, the mix of property tax and state aid can change significantly from year to year without any net change in revenue.

GENERAL FUND (CONTINUED)

Figure A-1 Sources of General Fund Revenues for Fiscal Year 2023



The following schedule presents a summary of General Fund expenditures and other financing uses:

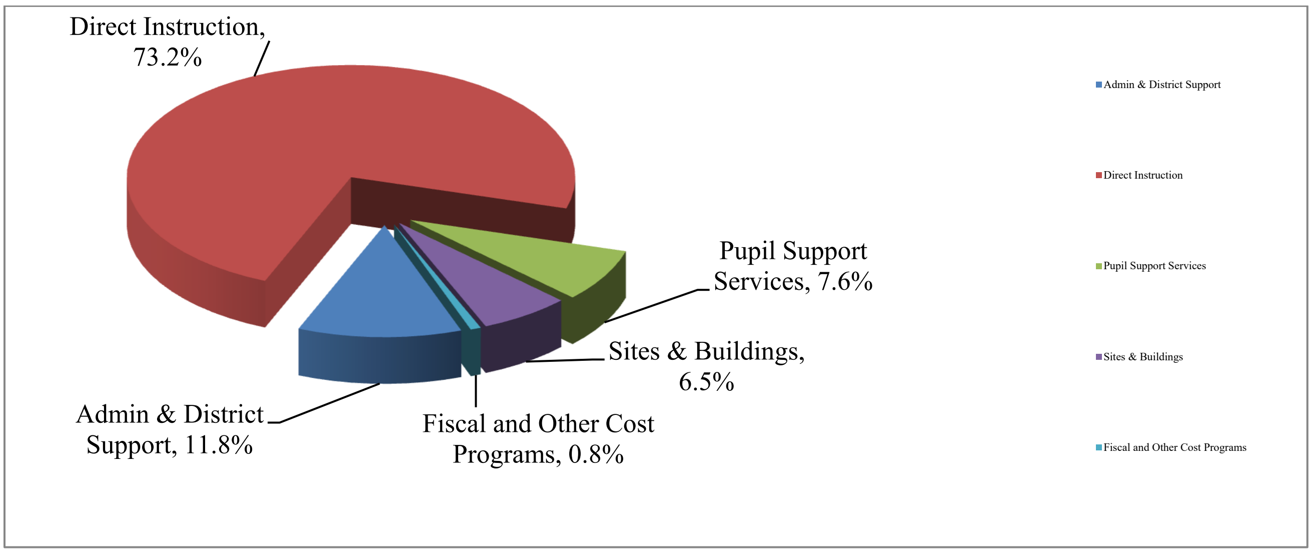
	Year Ended 6/30/2023	Year Ended 6/30/2022	Amount Change	Percentage Change
Salaries	$ 3,646,827	$ 3,650,914	$ (4,087)	-0.1%
Employee Benefits	1,090,113	1,062,569	27,544	2.6%
Purchased Services	942,677	873,855	68,822	7.9%
Supplies and Materials	360,164	381,654	(21,490)	-5.6%
Capital Expenditures	828,314	318,701	509,613	159.9%
Other Expenditures	30,156	18,597	11,559	62.2%
Principal and Interest	8,108	6,646	1,462	22.0%
Total Expenditures	6,906,359	6,312,936	591,961	9.4%
Total Expenditures and Other Financing Uses	$ 6,906,359	$ 6,312,936	$ 591,961	9.4%

The 2022-2023 General Fund expenditures and other financing uses increased by $591,961, or 9.4%, from the previous year. Majority of the increases related to capital expenditures. These will fluctuate year to year based on the needs of the District.

GENERAL FUND (CONTINUED)

After deducting statutory restricted fund balances, committed fund balances, and assigned fund balances, the unassigned fund balance decreased $1,664,047 to $419,808. The District closely monitors the General Fund unassigned fund balance through its budgeting process throughout the year.

Figure A-2 General Fund Expenditures for Fiscal Year 2023



GENERAL FUND BUDGETARY ANALYSIS

The District is required to adopt an operating budget prior to the beginning of its fiscal year (July 1). Over the course of the year, the District revised the annual operating budget once. The budget amendment usually falls into two categories:

- Implementing budgets for specially funded projects, which may include grants, adjusting staffing and various instructional building allocations based on enrollment, and budgeting for certain unspent funds that are required to be carried over from fiscal year 2023.
- Changes in appropriations for significant unbudgeted costs.

The District's final budget for the General Fund anticipated that expenditures would exceed revenues by $790,781. The actual results for the year show that the expenditures exceeded the revenues by $1,232,143.

- Actual revenues were $676,994 less than budgeted due to the District receiving less federal aids than expected. Other financing sources exceeded the budget by $2,127.
- Actual expenditures were $233,505 less than budgeted largely due to fluctuations in salaries and wages.

FOOD SERVICE FUND

In 2022-2023, the total revenues for the Food Service Fund were $330,617 and expenditures were $278,392, resulting in a fund balance increase of $52,225. The fund balance of the Food Service Fund is $437,129 as of June 30, 2023.

COMMUNITY SERVICE FUND

In 2022-2023, the total revenues for the Community Service Fund were $107,097 and total expenditures were $95,763. The Community Service Fund balance as of June 30, 2023 is $149,110.

DEBT SERVICE FUND

The Debt Service Fund was established in fiscal year 2022 to account for accumulation of resources for, and payment of, general long-term debt principal, interest, and related costs. As of June 30, 2023 the Debt Service Fund balance is $120,279.

BUILDING CONSTRUCTION FUND

The Building Construction Fund was established in fiscal year 2022 to account for the financial resources to construct a new school building. Revenues consisted of a earnings on investments of $720,246 and expenditures were $10,060,575 The Building Construction Fund balance as of June 30, 2023 is $30,735,445.

CAPITAL ASSETS AND DEBT ADMINSTRATION

CAPITAL ASSETS

As of June 30, 2023, the District had capital assets of $14,103,967 (net of accumulated depreciation) representing a broad range of capital assets, including computer and audio-visual equipment and work in progress for architect fees on the new building. Total depreciation and amortization expense for the year was $210,756. Additional information about the District's capital assets can be found in Note 3 to the financial statements.

Capital Assets	6/30/2023	6/30/2022	Amount Change	Percentage Change
Land	$ 319,601	$ 97,233	$ 222,368	228.7%
Construction in Progress	11,458,302	1,467,857	9,990,445	680.6%
Site Improvements	206,256	206,256	-	0.0%
Building	3,291,547	2,914,290	377,256	12.9%
Equipment	2,042,811	2,042,811	-	0.0%
Eligible Pupil Transportation	1,040,724	988,279	52,445	5.3%
Less: Accumulated Depreciation/Amortization	(4,255,273)	(4,052,840)	(202,434)	5.0%
Total Net Capital Assets	$ 14,103,967	$ 3,663,887	$ 10,440,080	284.9%

DEBT ADMINISTRATION

As of June 30, 2023 the District had $40,418,732 in long-term debt. The District had various other long-term liabilities as detailed in Notes 7 and 8 to the financial statements.

Long-term Liabilities

	6/30/2023	6/30/2022
General Obligation Bonds	$ 39,925,000	$ 41,000,000
Net Bond Premium	1,669,232	1,740,263
Obligations Under Capital Leases	8,580	15,081
Total	41,602,811	42,755,344
Less: Current Portion	(1,184,079)	(1,152,533)
Total Long-term Liabilities	$ 40,418,732	$ 41,602,811

Additional information about the District's long-term liabilities can be found in Note 4 to the financial statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

Red Rock Central comprises the communities of Storden, Jeffers, Sanborn, Lamberton and the surrounding land totaling approximately 344 square miles. Being a small rural school we have great challenges in meeting the needs of our students, staff and communities not often associated with larger and more urban schools. With fewer and fewer farmers on the land and often less opportunities for young families, we see declining enrollments as a huge challenge. We also have, for various reasons, more students who have open enrolled out of our schools than the number that enroll in. This year we are maintaining our enrollment and as we look at the future numbers we see that our enrollments have stabilized, at least as far as projections go. At Red Rock Central we have always strived to do more with less, and looking at our successes in Academic Awards and test scores we have been doing an excellent job. Attracting future hires will also present difficulties as we feel some of our veteran staff may soon be retiring.

As always, in a small rural school, money is a huge concern. Limiting expenditures as best we can is only part of the equation. Our school must be creative in finding new and stable streams of money through levies and hopefully new state funding. The bottom line for the Red Rock Central School is the care and education of our children and this has been the number one priority since our beginning. We take the trust that our communities have placed in us very seriously and will strive to remain financially sound for years to come.

On November 2nd, 2021 the Districted passed a $41 million dollar bond referendum for a new PK-12 school to be built in Lamberton, MN. The building will be located on existing school district property, there is currently no plan for the existing school building to be demolished or repurposed by another entity but the district will not plan to utilize the buildings after the construction is completed. The bonds will be for 25 years. During FY2022 the District received the bond proceeds and began working with the architectures. Work on the new building began in FY2023 will continue throughout FY2024.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the district's citizens, taxpayers, customers, and investors and creditors with a general overview of the district's finances and demonstrate the district's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Superintendent's Office, Independent School District No. 2884, PO Box 278, 100 6th Avenue East, Lamberton, Minnesota 56152.

BASIC FINANCIAL STATEMENTS

Independent School District No. 2884
Red Rock Central
Statement of Net Position
June 30, 2023

	Primary Government	
	Governmental Activities	Total
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 2,853,564	$ 2,853,564
Investments	36,924,031	36,924,031
Property Taxes Receivable- Current	2,782,540	2,782,540
Property Taxes Receivable - Delinquent	21,536	21,536
Accounts Receivable	5,475	5,475
Interest Receivable	148,053	148,053
Prepaids	132,693	132,693
Due from Minnesota Department of Education	399,363	399,363
Due from Federal - Department of Education	203,738	203,738
Due from Other MN Districts	76,642	76,642
Inventory	2,414	2,414
Total Current Assets	43,550,049	43,550,049
Noncurrent Assets		
Nondepreciable	11,777,903	11,777,903
Depreciable, Net	2,326,064	2,326,064
Total Assets	57,654,016	57,654,016
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	1,396,598	1,396,598
Related to OPEB	46,873	46,873
Total Deferred Outflows of Resources	1,443,471	1,443,471
LIABILITIES		
Current Liabilities		
Salaries Payable	287,101	287,101
Accounts Payable	6,354,607	6,354,607
Due to Other School Districts	10,501	10,501
Due to Other Governmental Units	1,760	1,760
Payroll Deduction Payable	276,917	276,917
Accrued Interest on Long-Term Debt	566,644	566,644
Current Portion of Long-Term Debt	1,181,031	1,181,031
Current Portion of Lease Liability	3,048	3,048
Total Current Liabilities	8,681,609	8,681,609
Noncurrent Liabilities		
OPEB Payable	359,943	359,943
Net Pension Liability	4,298,665	4,298,665
Noncurrent Portion of Long-Term Debt	40,413,200	40,413,200
Noncurrent Portion of Lease Liability	5,531	5,531
Total Liabilities	53,758,948	53,758,948
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	31,851	31,851
Related to OPEB	91,438	91,438
Property Taxes Levied for Subsequent Years	3,086,166	3,086,166
Total Deferred Inflows of Resources	3,209,455	3,209,455
NET POSITION		
Net Investment in Capital Assets	3,783,116	3,783,116
Restricted	21,246,106	21,246,106
Unrestricted	(22,900,138)	(22,900,138)
Total Net Position	$ **2,129,084**	$ **2,129,084**

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

Independent School District No. 2884
Red Rock Central
Statement of Activities
For the Year Ended June 30, 2023

		Program Revenues			Net (Expense) Revenue Primary Government	
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Total**
Primary Government						
Governmental Activities:						
Administration	$ 478,805	$ 149	$ 248,544	$ --	$ (230,112)	$ (230,112)
District Support Services	240,168	154,257	7,452	--	(78,459)	(78,459)
Elementary and Secondary Regular Instruction	3,469,038	144,660	355,334	--	(2,999,044)	(2,999,044)
Vocational Education Instruction	298,752	--	--	--	(298,752)	(298,752)
Special Education Instruction	524,782	--	253,776	--	(271,006)	(271,006)
Instructional Support Services	194,483	--	--	--	(194,483)	(194,483)
Pupil Support Services	614,535	--	--	52,445	(562,090)	(562,090)
Sites and Buildings	561,191	--	--	--	(561,191)	(561,191)
Fiscal and Other Fixed Cost Programs	55,700	--	--	--	(55,700)	(55,700)
Food Service	286,009	107,601	202,938	--	24,530	24,530
Community Service	96,634	23,354	34,675	--	(38,605)	(38,605)
Interest	1,085,364	--	--	--	(1,085,364)	(1,085,364)
Other Debt Service Expenditures	40,605	--	--	--	(40,605)	(40,605)
Total Governmental Activities	7,946,066	430,021	1,102,719	52,445	(6,360,881)	(6,360,881)
Total Primary Government	$ 7,946,066	$ 430,021	$ 1,102,719	$ 52,445	$ (6,360,881)	$ (6,360,881)

	Governmental Activities	Total
General Purpose Revenues:		
Revenues		
Local Property Tax Levies	2,085,866	2,085,866
Other Local and County Sources	72,790	72,790
State Sources	4,647,828	4,647,828
Gain (Loss) on Disposals of Capital Assets	(130,384)	(130,384)
Other	15,346	15,346
Interest on Investments	801,337	801,337
Total General Revenues and Transfers	7,492,783	7,492,783
Change in Net Position	**1,131,902**	**1,131,902**
Net Position at Beginning of Period	997,182	997,182
Net Position at End of Period	$ **2,129,084**	$ **2,129,084**

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

Independent School District No. 2884
Red Rock Central
Balance Sheet
Governmental Funds
June 30, 2023

	Debt Service		Capital Projects		
	General	Debt Service	Building Construction	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	$ 1,999,928	$ 228,563	$ --	$ 625,073	$ 2,853,564
Investments	--	--	36,924,031	--	36,924,031
Property Taxes Receivable- Current	616,467	2,126,470	--	39,603	2,782,540
Property Taxes Receivable - Delinquent	14,938	4,809	--	1,789	21,536
Accounts Receivable	5,475	--	--	--	5,475
Interest Receivable	--	--	148,053	--	148,053
Prepaids	132,693	--	--	--	132,693
Due from Minnesota Department of Education	277,299	120,698	--	1,366	399,363
Due from Federal - Department of Education	202,253	--	--	1,485	203,738
Due from Other MN Districts	76,642	--	--	--	76,642
Inventory	--	--	--	2,414	2,414
Total Assets	3,325,695	2,480,540	37,072,084	671,730	43,550,049
DEFERRED OUTFLOWS OF RESOURCES					
Aggregated deferred outflows	--	--	--	--	--
Total Assets and Deferred Outflows of Resources	**$ 3,325,695**	**$ 2,480,540**	**$ 37,072,084**	**$ 671,730**	**$ 43,550,049**
LIABILITIES					
Salaries Payable	$ 253,980	$ --	$ --	$ 33,121	$ 287,101
Accounts Payable	17,547	--	6,336,639	421	6,354,607
Due to Other School Districts	10,501	--	--	--	10,501
Due to Other Governmental Units	1,666	--	--	94	1,760
Payroll Deduction Payable	276,917	--	--	--	276,917
Total Liabilities	560,611	--	6,336,639	33,636	6,930,886
DEFERRED INFLOWS OF RESOURCES					
Property Taxes Levied for Subsequent Years	680,649	2,355,452	--	50,066	3,086,167
Unavailable Revenue- Delinquent Property Taxes	14,938	4,809	--	1,789	21,536
Total Liabilities and Deferred Inflows of Resources	1,256,198	2,360,261	6,336,639	85,491	10,038,589
FUND BALANCE					
Nonspendable	132,693	--	--	2,414	135,107
Restricted	795,038	120,279	30,735,445	583,825	32,234,587
Committed	11,333	--	--	--	11,333
Assigned	710,625	--	--	--	710,625
Unassigned	419,808	--	--	--	419,808
Total Fund Balance	2,069,497	120,279	30,735,445	586,239	33,511,460
Total Liabilities, Deferred Inflows of Resources and Fund Balance	**$ 3,325,695**	**$ 2,480,540**	**$ 37,072,084**	**$ 671,730**	**$ 43,550,049**

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

Independent School District No. 2884
Red Rock Central
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

Total Fund Balance - Governmental Funds	$	33,511,460
Accrued interest payable is accrued on Statement of Net Position and expensed on the Statement of Activities. Interest is expensed on a cash basis on the Statement of Revenues, Expenditures, and Changes in Fund Balance.		(566,644)
Revenue deferred in governmental fund statements if not received within sixty days.		21,536
Capital assets are capitalized in the Statement of Net Position and depreciated in the Statement of Activities. These are expensed when acquired in the Statement of Revenues, Expenditures, and Changes in Fund Balance.		14,103,967
Long- term debt reflected on Statement of Net Position not in		(41,602,811)
Other Postemployment Benefits Payable are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.		(359,943)
Net pension liability is not due and payable in the current period from current financial resources, and therefore are not reported in the funds.		(4,298,665)
Pension related deferred inflows are not due and payable in the current period from current financial resources, and therefore are not reported in funds.		(31,850)
Pension related deferred outflows are not available to pay for current period expenditures and therefore are deferred in the funds.		1,396,598
OPEB related deferred outflows are not available to pay for current period expenditures and therefore are deferred in the funds.		46,873
OPEB related deferred inflows are not due and payable in the current period from current financial resources, and therefore are not reported in funds.		(91,438)
Total Net Position-Governmental Funds	$	**2,129,084**

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

Independent School District No. 2884
Red Rock Central
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2023

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
		Debt Service	Building Construction		
Revenues					
Local Property Tax Levies	$ 888,312	$ 1,145,902	$ --	$ 40,879	$ 2,075,093
Other Local and County Sources	165,641	--	--	47,244	212,885
State Sources	3,998,185	1,206,984	--	29,463	5,234,632
Federal Sources	364,688	--	--	191,457	556,145
Donations	5,109	--	--	--	5,109
Other	49,836	--	--	110,315	160,151
Interest	50,218	12,517	720,246	18,356	801,337
Total Revenues	5,521,989	2,365,403	720,246	437,714	9,045,352
Expenditures					
Administration	474,400	--	--	--	474,400
District Support Services	229,841	--	--	--	229,841
Elementary and Secondary Regular Instruction	3,339,142	--	--	--	3,339,142
Vocational Education Instruction	294,596	--	--	--	294,596
Special Education Instruction	503,344	--	--	--	503,344
Instructional Support Services	186,149	--	--	--	186,149
Pupil Support Services	524,237	--	--	--	524,237
Sites and Buildings	460,754	--	--	--	460,754
Fiscal and Other Fixed Cost Programs	55,700	--	--	--	55,700
Food Service	--	--	--	278,392	278,392
Community Service	--	--	--	95,763	95,763
Principal Retirement	6,501	1,075,000	--	--	1,081,501
Interest	1,607	1,169,753	--	--	1,171,360
Other Debt Service Expenditures	--	475	40,130	--	40,605
Capital Outlay	830,088	--	9,990,445	--	10,820,533
Total Expenditures	6,906,359	2,245,228	10,030,575	374,155	19,556,317
Excess of Revenues Over (Under) Expenditures	(1,384,370)	120,175	(9,310,329)	63,559	(10,510,965)
Other Financing Sources (Uses)					
Insurance Proceeds	152,227	--	--	--	152,227
Transfers from other funds	--	--	--	--	--
Transfers to other funds	--	--	--	--	--
Net Other Financing Sources (Uses)	152,227	--	--	--	152,227
Net Change in Fund Balance	**(1,232,143)**	**120,175**	**(9,310,329)**	**63,559**	**(10,358,738)**
Fund Balance at Beginning of Period	3,301,640	104	40,045,774	522,680	43,870,198
Fund Balance at End of Period	**$ 2,069,497**	**$ 120,279**	**$ 30,735,445**	**$ 586,239**	**$ 33,511,460**

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

Independent School District No. 2884
Red Rock Central
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance with Statement of Activities
For the Year Ended June 30, 2023

Total Net Change in Fund Balances - Governmental Funds	$	(10,358,738)
Capital assets expensed as capital outlay in governmental fund statements, capitalized as capital assets in Statement of Net Position.		10,781,220
Principal payments on long-term expensed in governmental fund statements, treated as reductions of outstanding debt in Entity wide statements.		1,081,501
Revenue earned but not collected within sixty days deferred in governmental fund statements, recognized as revenue in Statement of Activities.		10,772
Depreciation expense reflected in entity wide statements, not reflected in governmental fund statements.		(210,756)
Accrued interest expense included in Statement of Activities, expensed as paid in governmental fund statements.		85,996
The net effect of various transactions involving capital assets (i.e. Sales, trade-ins, and contributions) is to increase net position.		(130,384)
In the statement of activities, certain postemployment benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the Amount financial resources used (essentially, the amounts actually paid).		46,537
Governmental funds recognize pension contributions as expenditures at the time of payment whereas the statement of activities factors in items related to pensions on a full accrual perspective.		(174,246)
Changes in Net Position-Governmental Funds	$	**1,131,902**

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

Independent School District No. 2884
Red Rock Central
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance
	Original	Final	Actual	Over (Under) Final to Actual
Revenues				
Local Sources:				
Levy	$ 815,814	$ 830,048	$ 824,309	$ (5,739)
County Apportionment	28,000	28,000	31,251	3,251
Miscellaneous County Tax Revenues	10,000	40,000	32,752	(7,248)
Other Local and County Sources:				
Tuition and Fees- School Districts	1,000	1,000	58,895	57,895
Tuition and Fees - Patrons	15,090	7,880	4,555	(3,325)
Student Activities Admissions	35,000	35,000	39,509	4,509
Fundraising	36,300	61,500	35,728	(25,772)
Interest	980	42,180	45,039	2,859
Rent	900	900	838	(62)
Gifts and Bequest	10,900	19,100	34,475	15,375
Miscellaneous	8,526	14,852	49,735	34,883
State Sources:				
General Education Aid	3,880,382	3,755,249	3,667,781	(87,468)
Endowment Fund Apportionment	16,867	17,811	18,649	838
Homestead/Ag Market Value Credit	14,200	6,669	6,669	--
Disparity Reduction Aid	8,000	1,297	1,297	--
Abatement Aid	--	250	250	--
Shared Time Aid	2,101	--	807	807
Special Education Aid	253,255	270,000	253,776	(16,224)
Integration Aid & Levy	17,450	21,000	20,646	(354)
Other State Aid	21,221	20,221	28,310	8,089
Federal Sources:				
Improving the Academic Achievement of the Disadvantaged	75,000	90,600	84,853	(5,747)
Teacher and Principal Training and Recruiting	15,000	15,426	16,701	1,275
Federal-Special Education	35,300	21,314	36,428	15,114
Small, Rural Education Achievement Program	27,998	33,036	33,036	--
Coronavirus Relief Funds	--	21,240	1,240	(20,000)
CARES Funds	--	628	628	--
Elementary and Secondary School Emergency Relief	280,918	775,200	147,844	(627,356)
Other Federal Aid	16,532	65,582	43,958	(21,624)
Other:				
Sale of Materials	3,000	3,000	2,030	(970)
Total Revenues	5,629,734	6,198,983	5,521,989	(676,994)

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

Independent School District No. 2884
Red Rock Central
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund - Continued
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance
	Original	Final	Actual	Over (Under) Final to Actual
Other Financing Sources				
Sale of Capital Assets	100	100	--	(100)
Insurance Proceeds	4,000	150,000	152,227	2,227
Total Revenues and Other Financing Sources	5,633,834	6,349,083	5,674,216	(674,867)
Expenditures				
Administration:				
Salaries	342,141	312,577	303,000	9,577
Employee Benefits	137,661	123,576	122,175	1,401
Purchased Services	43,393	38,924	34,776	4,148
Supplies and materials	4,240	3,200	1,599	1,601
Other Expenditures	8,500	11,000	12,850	(1,850)
District Support Services:				
Salaries	36,995	66,618	62,398	4,220
Employee Benefits	11,752	14,185	13,983	202
Purchased Services	89,231	97,231	140,562	(43,331)
Other Expenditures	2,500	2,500	12,898	(10,398)
Elementary and Secondary Regular Instruction:				
Salaries	2,246,153	2,515,651	2,300,238	215,413
Employee Benefits	594,947	696,663	712,449	(15,786)
Purchased Services	118,176	152,061	130,165	21,896
Supplies and Materials	172,247	284,463	192,773	91,690
Capital Expenditures	24,165	58,910	24,700	34,210
Other Expenditures	2,000	3,500	3,517	(17)
Vocational Education:				
Salaries	161,945	133,751	193,317	(59,566)
Employee Benefits	60,584	59,857	77,817	(17,960)
Purchased Services	--	--	2,935	(2,935)
Supplies and Materials	13,532	5,540	20,527	(14,987)
Special Education Instruction:				
Salaries	301,856	290,188	303,843	(13,655)
Employee Benefits	68,555	67,725	69,920	(2,195)
Purchased Services	134,621	162,066	127,381	34,685
Supplies and Materials	1,530	3,530	3,358	172
Capital Expenditures	2,100	2,100	--	2,100
Other Expenditures	--	--	201	(201)

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

Independent School District No. 2884
Red Rock Central
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund - Continued
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance
	Original	Final	Actual	Over (Under) Final to Actual
Instructional Support Services:				
Salaries	117,017	62,438	106,724	(44,286)
Employee Benefits	59,705	15,666	16,992	(1,326)
Purchased Services	43,340	47,860	86,375	(38,515)
Supplies and Materials	15,800	14,200	7,723	6,477
Capital Expenditures	2,000	2,000	--	2,000
Pupil Support Services:				
Salaries	236,266	293,310	240,231	53,079
Employee Benefits	47,208	56,249	48,431	7,818
Purchased Services	95,732	141,912	118,250	23,662
Supplies and Materials	62,500	97,859	85,385	12,474
Capital Expenditures	10,000	31,968	61,119	(29,151)
Other Expenditures	950	950	690	260
Sites and Buildings:				
Salaries	145,544	151,693	137,076	14,617
Employee Benefits	29,845	31,327	28,346	2,981
Purchased Services	239,575	234,716	246,533	(11,817)
Supplies and Materials	34,500	39,500	48,799	(9,299)
Capital Expenditures	405,000	749,300	742,495	6,805
Fiscal and Other Fixed Cost Programs:				
Purchased Services	42,000	55,000	55,700	(700)
Principal Retirements	5,000	6,500	6,501	(1)
Interest Expense	1,000	1,600	1,607	(7)
Total Expenditures	6,171,806	7,139,864	6,906,359	233,505
Other Financing Uses				
Total Expenditures and Other Financing Uses	6,171,806	7,139,864	6,906,359	233,505
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(537,972)	(790,781)	(1,232,143)	(441,362)
Net Change in Fund Balance	**(537,972)**	**(790,781)**	**(1,232,143)**	**(441,362)**
Fund Balance at Beginning of Period	3,301,640	3,301,640	3,301,640	--
Fund Balance at End of Period	$ **2,763,668**	$ **2,510,859**	$ **2,069,497**	$ **(441,362)**

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Independent School District No. 2884 was formed and operates pursuant to applicable Minnesota laws and statutes. The governing body consists of school board members elected by voters of the District to serve staggered terms.

A. Basis of Presentation

The financial statements of Independent School District No. 2884 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 U.S. generally accepted accounting principles for state and local governments.

This financial report has been prepared in conformity with GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, issued in June 1999.

B. Financial Reporting Entity

Independent School District No. 2884 (the District) is an instrumentality of the State of Minnesota established to function as an educational institution. The elected School Board (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

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

Financial accountability includes such aspects as appointing a voting majority of the organization's governing body, significantly influencing the programs, projects, activities, or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burden on, the organization. These financial statements include all funds of the District. There are no other entities for which the District is financially accountable.

Student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside school hours. The School Board does have a fiduciary responsibility in establishing broad policies and ensuring that appropriate financial records are maintained for student activities and the District's School Board has elected to control and exercise oversight responsibility with respect to the student activities. Accordingly, the student activity accounts are included within the general fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation

The District-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The Fiduciary Funds are only reported in the Statements of Fiduciary Net Position at the Fund Financial Statement level.

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

The District applies restricted resources first when an expense is incurred for purpose for which both restricted and unrestricted net positions are available. Depreciation expense can be specifically identified by function and is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. Generally, the effect of material interfund activity has been removed from the District-wide financial statements.

Separate fund financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining non-major governmental funds is reported in a single column in the fund financial statements.

D. Measurement Focus and Basis of Accounting

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

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

NOTE 1 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

1. **Revenue Recognition** - Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. 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. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales, community education tuition, and other miscellaneous revenue (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A six-month availability period is generally used for other fund revenue.

2. **Recording of Expenditures -** Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used. Principal and interest on long-term debt issues are recognized on their due dates.

The District reports unearned revenue on its statement of net position and its governmental funds balance sheet. Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when the District receives resources before it has a legal claim to them, as when grant monies are received prior to incurring the qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the statement of net position and combined balance sheet and revenue is recognized.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of Governmental Accounting Standards Board (GASB).

It is generally the District’s policy to use restricted resources first, then unrestricted resources as they are needed when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

NOTE 1 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Description of Funds

The existence of the various District funds has been established by the State of Minnesota, Department of Education. The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. A description of the funds included in this report is as follows:

Governmental Funds

General Fund - The General Fund is used to account for all financial resources except those required to be accounted for in another fund. It includes the general operations and pupil transportation activities of the District, as well as the capital related activities such as maintenance of facilities, equipment purchases, health and safety projects, and disabled accessibility projects. The main sources of revenue are state and federal aids and property taxes.

Food Service Fund – The Food Service Fund is used to account for food service revenues and expenditures.

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

Building Construction Fund – The Building Construction fund is used to account for financial resources to be used for the construction of major capital facilities.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and related costs.

GASB Statement No. 34 specifies that the accounts and activities of each of the District's most significant governmental funds (termed "major funds") be reported in separate columns on the fund financial statements. Other non-major funds can be reported in total. The General Fund, Debt Service Fund and Construction Fund are the only major funds by definition.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, Food Service, and Community Service Funds. The approved budget is published in summary form in the District's legal newspaper by November 30 of each year. Reported budget amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level.

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

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

At the end of each fiscal year, if the General Fund has a net unassigned deficit fund balance, calculated in accordance with the uniform financial accounting and reporting standards for Minnesota school districts which excludes certain reserves specified in Minnesota statutes, exceeding 2.5% of expenditures, a condition referred to as "statutory operating debt" exists. That debt requires retirement through the accumulation of subsequent operating surpluses in accordance with a "special operating plan" approved by the Commissioner of the Department of Education.

F. Cash and Investments

Cash and investments included balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances. Investments are reported at fair value.

Cash and cash equivalents as of June 30, 2023 are comprised of deposits and shares in the Minnesota School District Liquid Asset Fund (MSDLAF). The MSDLAF is an external investment pool, not registered with the Securities and Exchange Commission (SEC) that follows the same regulatory rules of the SEC under Rule 2.a.7. The fair value of the position in the pool is the same as the value of the pool shares. Investments consist of funds held in Ameritrade.

The District has formal policies in place to address custodial credit risk for deposits as well as interest rate risk, credit risk, concentration of credit risk, and custodial credit risk for investments.

NOTE 1 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables

Receivables represent amounts receivable from individuals, firms, and corporations for goods and services furnished by the District. Amounts due from the State of Minnesota and from other governmental units for general education aids and reimbursements under various specific programs are reported at the estimated amounts to be received based on available information at the date of this report. In some instances adjustments and proration by these agencies, which are dependent upon the amount of funds available for distribution, may result in differing amounts actually being received. Any such differences will be absorbed into operations of the subsequent period. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary. The only receivables not expected to be collected within one year are delinquent property taxes receivable, which are generally immaterial.

H. Inventories

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

I. Prepayments

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.

J. Property Taxes

The Board of Education annually adopts a tax levy and certifies it to the County in December for collection in the following year. The County is responsible for collecting all property taxes for the District. These taxes attach an enforceable lien on taxable property within the District on January 1 and are payable by the property owners in May and October of each year. The taxes collected by the County Treasurer and tax settlements are made to the District periodically throughout the year.

Statutory funding formulas determine the majority of the District revenue in the General and Special Revenue Funds. This revenue is divided between property taxes and State aids by the legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the “tax shift.” The remaining portion of taxes collectible in 2023 is recorded as unearned revenue (property taxes levied for subsequent year). Taxes payable on qualifying property, as defined by Minnesota statutes, are partially reduced by a market value credit aid. The credits are paid to the District by the State in lieu of taxes levied against the property.

NOTE 1 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Property Taxes (Continued)

Taxes that remain unpaid are classified as delinquent taxes receivable. In the fund financial statements, revenue from these delinquent property taxes that is not collected within 60 days of year-end is deferred because it is not available to finance the operations of the District in the current year. In the district-wide financial statements no allowance for uncollectible taxes has been provided as such amounts are not expected to be material. The tax shift for fiscal year 2023 was $155,419.

K. Deferred Outflows/Inflows of Resources

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

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

L. 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 fair market value at the date of donation. The District maintains a threshold level of $5,000 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 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 District, no salvage value is taken into consideration for depreciation purpose. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Existing bonded debt is reported at the face value of remaining indebtedness. For any new indebtedness that may be issued, bond premiums and discounts, as well as issuance costs, will be expensed in the current year.

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

N. Compensated Absences

Employees who are employed on a twelve month basis and forty hour week will accrue vacation as follows:

1-9 years	2 weeks of vacation
10-19 years	3 weeks of vacation
20+ years	4 weeks of vacation

Secretarial positions and custodians will accrue twelve days of sick leave per year accumulative to 85 days. Secretaries who work less than full-time will be allotted sick leave based on a prorated time and benefits but no vacation days will be allowed. At the beginning of every school year all twelve-month secretaries and custodians will accrue four personal days. The carryover of personal days from one year to the next is not allowed.

Educational assistants and kitchen personnel shall accrue nine days of sick leave per year accumulative to 65 days. Assistants and kitchen personnel will accrue three personal days. One of those days can be carried over to the next year for an accumulative of four days. Bus drivers will accrue nine days of sick leave per school year accumulative to 50 days. Bus drivers will accrue three personal days. One of those days can be carried over to the next year for an accumulative of four days. Personnel working for ten months out of the year will be allotted a percentage of sick and personal days.

Certified: At the beginning of each school year each teacher shall be credited with fifteen days sick leave. Unused sick leave days may accumulate to a maximum of 105 days of sick leave per teacher. The District shall furnish to each teacher a written statement at the beginning of each school year setting forth the total days cumulative per teacher. The teacher shall refund to the district any used but

NOTE 1 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Compensated Absences (Continued)

unearned sick leave pay, (one and two thirds days per month or the proper fraction based on total weeks of employment) should their contract be terminated or they resign before the end of the school year. When a teacher reaches the maximum number of sick days (105), unused sick leave shall be reimbursed at the rate of $15.00 per day, and will be sent to the Minnesota Post Retirement Self Health Insurance Care Savings Plan. For any teacher leaving the system, this shall be included in the final check which the teacher receives. Teachers will accrue three personal days. One of those days can be carried over to the next year for an accumulative of four days. Teachers can sell up to two personal days per year at the teachers' current rate of pay and will be sent to the Minnesota Post Retirement Self Health Insurance Care Savings Plan.

Principal: The principal receives no vacation and shall accrue fifteen days of sick leave per year accumulative to 105 days.

Superintendent: The superintendent accrues thirty days of vacation per year. Upon retirement, any unused vacation will be paid at a rate of $200 and can be sent to the Health Care Savings Plan account if requested. The superintendent will accrue one day of sick leave per month accumulative to 150 days. The superintendent will also accrue three days of personal leave. One of those days can be carried over to the next year for an accumulative of four days.

The liability for accumulated vacation and sick leave for governmental fund types, which represents normal accumulations, is not material and is not recorded in the financial statements. The current portion of accrued vacation and sick leave pay, which would be liquidated with expendable available resources, is not material.

O. Employee Benefits

Non-Certified Health Insurance: The District shall contribute the sum of $8,828 for those persons selecting the HSA Family Policy or $8,328 for those selecting another school sponsored health insurances option for the 2022-2023 school year towards health insurance for all twelve month employees. Employees working at least ten and a half months but less than twelve months either as a secretary or custodian will be eligible for health insurance on a prorated basis. The District will contribute $25 per month for all twelve month employees to the State's Health Care Savings Plan. Employees will at least match the District's contribution. The School Board will provide a $25,000 term life insurance policy through the district for all employees who are assigned an average of twenty or more hours per week throughout the school year.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Employee Benefits (Continued)

Certified Health Insurance: The District shall contribute the sum of $8,828 for those persons selecting the HSA Family Policy or $8,328 for those selecting another school sponsored health insurance option during the 2022-2023 school year for all full time teachers employed by the District who qualify for and are enrolled in the school district group health and hospitalization plan. These funds will only be available towards the cost of the health insurance premium. Any additional cost of the premium shall be borne by the employee and paid by payroll deduction or any additional option agreed to with the central office of the District. Teachers who apply for early retirement will be eligible to remain in the existing group health and hospitalization insurance program and will remain eligible for board contribution equal to $4,500 per year until the teacher qualifies for Medicare. However, if the teacher is reemployed and is offered health insurance with the new job, this coverage provided by the District will be dropped. This health coverage will be paid according to the following chart based on years of service with the District and former schools that comprise Independent School District No. 2884.

10 years=50%	15 years=75%	20 years & greater= 100%

Principal and Superintendent Health Insurance: The principal and superintendent and their dependents shall be eligible for the District's hospitalization insurance plan at the District's expense. The District will provide the principal with $75,000 in-house life insurance coverage. The District will also provide the superintendent with $50,000 term life insurance at a cost of not more than $500 annually. The principal is also entitled to the early retirement health insurance coverage as noted above.

P. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters and workers compensation. The District purchases commercial insurance coverage for such risks.

There has been no significant reduction in insurance coverage from the previous year in any of the District's policies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

Q. Fund Balance

The District implemented GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

NOTE 1 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Balance (Continued)

- Nonspendable fund balance- consists of amounts that cannot be spent because it is not in spendable form or are legally or contractually required to be maintained intact, such as inventory or prepaid items.
- Restricted fund balance – consists of amounts related to externally imposed constraints established by creditors, grantors or contributors, bondholders, laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance - consists of amounts that are constrained for specific purposes that are internally imposed by formal action (resolution) of the School Board. To be reported as committed, amounts cannot be used for any other purpose unless the School Board removes or changes that specified use by taking the same type of action it employed to previously commit those amounts.
- Assigned fund balance – consists 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 other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the School Board itself or by an official to which the School Board delegates the authority.
- Unassigned fund balance – consists of amounts that are available for any purpose. Positive amounts are reported only in the general fund. It also reflects negative residual amounts in other funds.

If resources from more than one fund balance classification could be spent, the District will strive to spend resources from fund balance classifications in the following order: restricted, committed, assigned, and unassigned as determined by the School Board.

The District has not formally adopted a fund balance policy for the General Fund.

R. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources in the government-wide and fiduciary fund 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 government-wide and fiduciary fund financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

S. Use of Estimates

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

NOTE 1 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Pensions

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

TRA has a special funding situation created by direct aid contributions made by the State of Minnesota, City of Minneapolis and Minneapolis School District. This direct aid is a result of a merger of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the State of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association in 2015.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk - For deposits is the risk that, in the event of failure of a depository financial institution, the District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits. As of June 30, 2023, the District's bank balance was not exposed to custodial credit risk because it was insured and properly collateralized with securities held by the pledging financial institution's trust department or agent and in the District's name.

In accordance with Minnesota Statutes, the District maintains deposits at those depository banks authorized by the School Board, all of which are members of the Federal Reserve System. The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is included in the combined balance sheet as "Cash and Cash Equivalents" and "Investments".

Minnesota Statutes require that all deposits be secured by a bank guaranty bond or 110% of collateral valued at market or par, whichever is lower, less the amount covered by the Federal Deposit Insurance Corporation (FDIC).

Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust department of a commercial bank or other financial institution not owned or controlled by the depository.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

At June 30, 2023, the District's deposits had a carrying amount of $39,777,595 maintained in various accounts.

At June 30, 2023, the District also held shares in the MSDLAF which is an external investment pool that is not registered with SEC. Its investments are valued at amortized cost, which approximates fair value in accordance with Rule 2a-7 of the Investment Company Act of 1940. The amortized cost method of valuation values a security at its cost on the date of purchase and thereafter assumes a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of instruments. The MSDLAF is rated AAA by Standard & Poor's and the amortized cost at June 30, 2023 was $1,137,919.

Additionally, the District holds investments with Ehlers Investment Partners associated with the sale of the Series 2022A School Building Bond. These funds are rated AA-AAA by Standard & Poor's and the amortized cost at June 30, 2023 was $36,611,634.

The following table represents the District's cash and cash equivalents and investments balance at June 30, 2023:

Cash/Investment Type	Credit Rating	Average Maturities	Percentage of Total	Fair Value
Pooled Cash and Investments:				
Petty Cash	N/A	N/A	0.00%	$ 150
Checking Accounts	N/A	N/A	4.29%	1,705,991
Savings Account	N/A	N/A	0.81%	321,901
Ehlers Investment Partners	AA-AAA	N/A	92.04%	36,611,634
MSDLAF	AAA	N/A	2.86%	1,137,919
Total				$ 39,777,595

B. Investments

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy states that investments will be managed in a manner to attain a market rate of return through various economic and budgetary cycles, while preserving and protecting the capital in the investment portfolio and taking into account constraints on risk and cash flow requirements.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy states the District may invest its available funds in those instruments specified in Minnesota Statutes or any other law governing the investment of school district funds. The District's investments in Minnesota School District Liquid Asset Fund (MSDLAF) are rated AAA by Standard & Poor's.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Concentration of Credit Risk – Concentration of credit is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's investment policy does not state the maximum percentage of the District's investment portfolio that may be invested in a single type of investment instrument.

Custodial Credit Risk – For an investment, this is the risk that, in the even of failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District will minimize investment custodial credit risk by permitting brokers that obtained investments for the District to hold them only to the extent there is SIPC and excess SIPC coverage available. Securities purchased that exceed available SIPC coverages shall be transferred to the District's custodian.

The District may also invest idle funds as authorized by Minnesota Statutes as follows:

- 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 received the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen months or less
- general obligations rated "A" or better; revenue obligations rated "AA" or better
- general obligations of the Minnesota Housing Finance Agency rated "A" or better
- banker's acceptances of United States banks eligible for purchase by the Federal Reserve System
- commercial paper issued by the United States banks, corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less
- guaranteed investment contracts guaranteed by United State commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories
- repurchase or reverse purchase agreement and securities lending agreements financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

Fair Value Measurements – The District uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The District 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 District 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.

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

- Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.
- Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.
- Level 3 – Financial asset and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use a pricing the asset. There were no assets measured at fair value on a recurring basis for 2023.

The District has the following recurring fair value measurement:

		Fair Value Measurement		
Investment Measured at Fair Value	Total as of June 30, 2023	Level One	Level Two	Level Three
Cash and Money Funds	$ 7,452	$ 7,452		
Certificates of Deposits	735,853	735,853		
US Treasury Securities	18,619,879	18,619,879		
US Government Bonds	5,985,455		5,985,455	
Asset Bank Securities	39,717		39,717	
Municipal Bonds	8,916,285		8,916,285	
Mutual Funds	2,307,000		2,307,000	
Total Investments	$ 36,611,640	$ 19,363,184	$ 17,248,457	$ -

NOTE 3 – CAPITAL ASSETS

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

Governmental Activities:

Capital Assets Not Being Depreciated	Balance 7-1-2022	Additions	Deletions	Balance 6-30-2023
Land	$ 97,233	$ 222,368	$ -	$ 319,601
Construction in Progress	1,467,857	9,990,445	-	11,458,302
Total Capital Assets Not Being Depreciated	1,565,090	10,212,813	-	11,777,903
Capital Assets Being Depreciated				
Site Improvements	206,256	-	-	206,256
Buildings	2,914,290	515,962	138,706	3,291,546
Equipment	2,042,811			2,042,811
Vehicles	988,279	52,445	-	1,040,724
Total Capital Assets Being Depreciated	6,151,637	568,407	138,706	6,581,338
Less Accumulated Depreciation/Amortization				
Land Improvements	100,763	7,063		107,826
Buildings	1,896,283	59,313	8,322	1,947,274
Equipment	1,379,700	81,149		1,460,850
Vehicles	676,094	63,231		739,325
Total Accumulated Depreciation/Amortization	4,052,840	210,756	8,322	4,255,274
Total Capital Assets Being Depreciated, Net	2,098,797	357,651	130,384	2,326,064
Governmental Activities Capital Assets, Net	$ 3,663,887	$10,570,463	$ 130,384	$14,103,967

Depreciation and amortization expense of $210,756 for the year ended June 30, 2023 was charged to the following governmental functions:

Governmental Activities:	
Administration	$ 302
Elementary and Secondary Regular Instruction	52,086
Special Education	918
Instructional Support Services	8,347
Pupil Support	65,879
Sites, Buildings, and Equipment	62,534
Unallocated	20,310
Community Education	380
Total Depreciation/Amortization Expense	$ 210,756

NOTE 3 – CAPITAL ASSETS (CONTINUED)

The Governmental Accounting Standards Board (GASB) has issued Statement No. 42 *Accounting and Financial Reporting for Impairment of Capital Assets and Insurance Recoveries*. This statement requires the District to report the effects of capital asset impairments in its financial statements when they occur rather than as a part of ongoing depreciation expense for the capital asset or upon disposal of the capital asset. No impairments were noted during fiscal year 2023.

NOTE 4 – LONG-TERM LIABILTIES

Description of Long-Term Debt

General Obligation Bonds
On February 3, 2022, the District issued $41,000,000 of General Obligation School Building Bonds, Series 2022A. The proceeds of the issue are being used to finance the building of a new school. The District will levy property taxes for the retirement of these bonds. Principal and interest payments on these bonds are to be recorded in the Debt Service Fund. Repayment began in fiscal year 2023. The bonds were issued at a premium of $1,775,778. Interest expense for FY2023 was $1,169,753.

Capital Leases Payable
The district has leases for three copy machines. These lease agreements qualify as capital leases for accounting purposes, and therefore, were recorded at the present value of the future minimum lease payments. The net cost of the leases as of June 30, 2023 was $8,580. Total accumulated depreciation on these assets was $23,243 at June 30, 2023. Interest paid in 2022-2023 was $1,607. These leases will be repaid through the General Fund. These assets serve as collateral for the related capital lease and are being depreciated using a straight-line method over the life of the asset.

Minimum Debt Payments

	General Obligation Bonds		
Year Ending June 30	Principal	Interest	Total
2024	$ 1,110,000	$ 1,133,288	$ 2,243,288
2025	1,155,000	1,088,888	2,243,888
2026	1,205,000	1,042,688	2,247,688
2027	1,250,000	994,488	2,244,488
2028	1,300,000	944,488	2,244,488
2029-2033	7,310,000	3,900,438	11,210,438
2034-2038	8,580,000	2,629,488	11,209,488
2039-2043	9,555,000	1,852,775	11,407,775
2044-2047	8,460,000	307,325	8,767,325
Total	$ 39,925,000	$ 13,893,863	$ 53,818,863

NOTE 4 – LONG-TERM LIABILTIES (CONTINUED)

The future minimum lease obligations of the capital leases as of June 30, 2023 are as follows:

	Copier Leases Payable		
Year Ending June 30	Principal	Interest	Total
2024	$ 3,048	$ 978	$ 4,026
2025	1,875	658	2,533
2026	1,783	411	2,194
2027	1,874	137	2,011
Total	$ 8,580	$ 2,185	$ 10,764

Changes in Long-Term Debt

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2023:

Changes in Long-Term Liabilities

	Balance 7/1/2022	Additions	Reductions	Balance 6/30/2023	Due Within One Year
Bonds Payable	$41,000,000		$1,075,000	$39,925,000	$1,110,000
Bond Premium	1,740,263		71,031	1,669,232	71,031
Capital Leases Payable	15,081		6,501	8,580	3,048
Total Long-Term Debt	$42,755,344	$ -	$1,152,533	$41,602,811	$1,184,079

The debt service fund is used to liquidate the bond payable and premium. The general fund is typically used to liquidate other long-term liabilities.

Bonds Authorized But Unissued

At June 30, 2023, there were no long-term bonds authorized but unissued.

NOTE 5 – RESTRICTED FUND BALANCES

Certain portions of fund balances are restricted based on state requirements to track special program funding, to provide for funding of certain long-term liabilities, or as required by other outside parties. A description of deficit balance restrictions is included herein since the District has specific statutory authority to levy taxes for such deficits.

NOTE 5 – RESTRICTED FUND BALANCES (CONTINUED)

Restricted fund balances at June 30, 2023 are as follows:

A. Restricted for Safe Schools – Crime Levy
   Represents available resources in the General Fund dedicated exclusively for safe schools. The balance consists of the total amount levied for this purpose over the years less any expenditures made since levying began.

B. Restricted for Staff Development
   Represents available resources in the General Fund that are used to provide for staff development programs in accordance with state statutes.

C. Restricted for Health and Safety
   Represents available resources in the General Fund that are to be used only to provide for the removal of hazardous substances and other state approved life or health safety projects.

D. Restricted for Long-Term Facility Maintenance (LTFM)
   Represents available resources in the General Fund dedicated exclusively for the long-term maintenance of the facility.

E. Restricted for Gifted and Talented
   Represents available resources in the General Fund dedicated exclusively for the gifted and talented program in accordance with state statutes.

F. Restricted for Community Education
   Represents accumulated resources available to provide general community education programming.

G. Restricted for Early Childhood and Family Education
   Represents accumulated resources available to provide services for early childhood and family education programming.

H. Restricted for School Readiness
   Represents accumulated resources available to provide school readiness programming in accordance with funding made available for that purpose.

I. Restricted for Extracurricular Activities
   Represents accumulated resources available to provide services for student activity funds.

J. Restricted for Other Purposes
   Represents amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

NOTE 6 – FUND BALANCES

Portions of the District's fund balance are nonspendable, restricted due to legal restrictions, committed by Board action, assigned by District management, or unassigned. The following is a summary of fund balance components as of June 30, 2023:

	General Fund	Debt Service	Building Construction	Non-Major Special Revenue	Total Governmental Funds
Nonspendable					
Inventory	$ -	$ -	$ -	$ 2,414	$ 2,414
Prepaid Items	132,693	-	-	-	132,693
Total Nonspendable	132,693	-	-	2,414	135,107
Restricted					
Safe Schools - Crime Levy	(51,358)	-	-	-	(51,358)
Basic Skills Extended	1,263	-	-	-	1,263
Long-Term Facility Maintenance (LTFM)	477,377	-	-	-	477,377
Operating Capital	188,670	-	-	-	188,670
Student Activities	158,811	-	-	-	158,811
Community Education	-	-	-	119,746	119,746
Early Childhood Family Education	-	-	-	43,676	43,676
School Readiness	-	-	-	(21,623)	(21,623)
Restricted for Community Service				7,312	7,312
Scholarships	20,274	-	-	-	20,274
Debt Service	-	120,279	-	-	120,279
Capital Projects	-	-	30,735,445	-	30,735,445
Restricted for Food Service	-	-	-	434,715	434,715
Total Restricted	795,037	120,279	30,735,445	583,826	32,234,587
Committed for Separation & Retirement Benefits	11,333	-	-	-	11,333
Assigned for FY23 Budget Deficit	710,625	-	-	-	710,625
Unassigned	419,808	-	-	-	419,808
Total Fund Balance	$ 2,069,495	$ 120,279	$ 30,735,445	$ 586,240	$ 33,511,460

The District is reporting negative restricted fund balances for Safe Schools and School Readiness at June 30, 2023. Minnesota Statutes require the District to report a deficit in the restricted fund balance, when applicable, in order to permit the statutory revenue formula calculations. These deficits will be offset with future operating tax levies and are reported within unrestricted net position on the government-wide financial statements.

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

The District adopted the Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The District engaged an actuary to determine the District's liability for postemployment benefits other than pensions as of July 1, 2022 for fiscal year ending June 30, 2023.

A. Plan Description

The District's defined benefit OPEB plan, provides OPEB for certain retired employees under a single-employer fully-insured plan. The District provides benefits for retirees as required by state statute. Active employees who retire from the District when eligible to receive a retirement benefit from the Teachers Retirement Association (TRA) or Public Employees Retirement Association (PERA) and do not participate in any other health benefits program providing similar coverage, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the District's health benefits program. Retirees are required to pay 100% of the total premium cost. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

B. Funding Policy

Contribution requirements are negotiated between the District and union representatives. The eligibility for, amount of, duration of, and District's contribution to the cost of the benefits provided varies by contract and date of retirement. The District has historically funded the OPEB benefits on a pay- as-you-go basis. Under GASB Statement No. 75, plan sponsors may set up a trust and pre-fund the benefits. There is no requirement to pre-fund benefits. For fiscal year 2023, the District contributed $38,173 to the plan.

C. Employees Covered by Benefit Terms

At July 1, 2021, the following employees were covered by the benefit terms:

Active Employees	66
Retirees Receiving Payments	3
Spouses Receiving Payments	0
Total Covered Employees	69

D. Total OPEB Liability

The District's total OPEB liability of $359,943 was measured as of July 1, 2021, and was determined by an actuarial valuation as of that date.

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

E. Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increase	3.00%
Discount Rate	3.80%
Medical Trend	6.25% decreasing to 5.00% then 4.00%

The discount rate was based on the estimated yield of 20-Year AA-rate municipal bonds.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2019 – July 1, 2020.

F. Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 7/1/2021 (Reporting Date 6/30/2022)	$ 374,611
Changes for the Year:	
Service Cost	37,152
Interest	8,261
Assumption Changes	(23,082)
Plan Changes	-
Differences between Expected and Actual Experience	-
Benefit Payments	(36,999)
Net Changes	(14,668)
Balance at 7/1/2022 (Reporting Date 6/30/2023)	$ 359,943

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

F. Changes in the Total OPEB Liability (continued)

Method Changes: None

Plan Changes: None

Assumption Changes:
- The inflation rate was changed from 2.00% to 2.50%
- The discount rate was changed from 2.10% to 3.80%

G. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.8 percent) or one percentage point higher (4.8 percent) than the current discount rate:

	1% Decrease (2.8%)	Discount Rate (3.8%)	1% Increase (4.8%)
Total OPEB Liability	$ 378,745	$ 359,943	$ 341,579

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

H. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.25 percent decreasing to 4.00 percent) or one percentage point higher (7.25 percent decreasing to 6.00 percent) than the current healthcare cost trend rates:

	1% Decrease (5.25% Decreasing to 4.00%)	Healthcare Cost Trend Rates (6.25% Decreasing to 5.00%)	1% Increase (7.25% Decreasing to 6.00%)
Total OPEB Liability	$ 329,621	$ 359,943	$ 395,564

I. OPEB Expense, Deferred Outflows, and Deferred Inflows Related to OPEB

For the year ended June 30, 2023, the District recognized OPEB expense of $21,681. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability Gains/Losses	$0	$61,946
Assumption Changes	8,700	29,492
Investment Gains/Losses	0	0
Employer Contributions	38,173	0
Total	$46,873	$91,438

Future recognition of Deferred Flows in OPEB expense:

Fiscal Year Ending	
6/30/2024	($53,774)
6/30/2025	(11,434)
6/30/2026	(12,916)
6/30/2027	(4,614)

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATEWIDE

A. Plan Descriptions

The District participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association (PERA) and Teachers Retirement Association (TRA). PERA's and TRA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353, 354 and 356. PERA's and TRA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

1. <u>General Employees Retirement Plan</u>

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

2. <u>Teachers Retirement Fund (TRA)</u>

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

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

B. Benefits Provided

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

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

B. Benefits Provided (Continued)

1. General Employees Plan Benefits

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

Benefit increases are provided to recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1.0 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

2. TRA Benefits

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

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

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

Tier I Benefits

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

With these provisions:

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

Or

Tier II Benefits

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

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

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

B. Benefits Provided (Continued)

***Tier 2 Benefits* (Continued)**

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

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

C. Contributions

Minnesota Statutes Chapters 353 and 354 set the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2023 and the District was required to contribute 7.50% for Coordinated Plan members. The District's contributions to the General Employees Fund for the years ended June 30, 2023, June 30, 2022 and June 30, 2021 were $60,627, $60,206 and $52,979, respectively. The District's contributions were equal to the required contributions as set by the state statute.

2. TRA Contributions

Per Minnesota Statutes, Chapter 354 sets the contribution rates for the employees and employers. Rates for each fiscal year ended June 30, 2021, June 30, 2022 and June 30, 2023, were:

	June 30, 2021		June 30, 2022		June 30, 2023	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic	11.00%	12.13%	11.00%	12.34%	11.00%	12.55%
Coordinated	7.50%	8.13%	7.50%	8.34%	7.50%	8.55%

The District's contributions to TRA for the plans fiscal years ended June 30, 2023, June 30, 2022 and June 30, 2021 were $237,895, $222,115 and $200,296, respectively. The District's contributions were equal to the required contributions for each year as set by state statute.

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

C. Contributions (Continued)

2. TRA Contributions (Continued)

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

in thousands

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

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

D. Pension Costs

General Employees Fund Pension Costs

At June 30, 2023, the District reported a liability of $847,444 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the Districted totaled $24,814. The District's proportion of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0107% at the end of the measurement period and .0099% for the beginning of the period.

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

District's proportionate share of the net pension liability	$847,444
State of Minnesota's proportionate share of the net pension Liability associated with the District	24,814
Total	$872,258

For the year ended June 30, 2023, the District recognized pension expense of $131,341 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional $3,708 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$7,078	$8,315
Changes in actuarial assumptions	177,885	2,931
Net difference between projected and actual investment earnings	34,166	0
Changes in proportion	49,605	5,529
Contributions paid to PERA subsequent to the measurement date	60,627	0
Total	$329,361	$16,775

$60,627 reported as deferred outflows of resources related to pensions resulting from the district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Pension Expense Amount
2024	$88,707
2025	$97,009
2026	($10,396
2027	$76,639

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

D. Pension Costs (Continued)

1. TRA Pension Costs

On June 30, 2023 the District reported a liability of $3,451,220 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis and Minneapolis School District. The District's proportionate share was 0.0431% at the end of the measurement period and 0.0413% for the beginning of the period.

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

District's proportionate share of net pension liability	$ 3,451,220
State's proportionate share of the net pension liability	255,959

For the year ended June 30, 2023, the District recognized pension expense of $514,276. It also recognized $35,195 as a decrease to pension expense for the support provided by direct aid.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 31,477	$ 15,077
Changes in actuarial assumptions	441,065	0
Net difference between projected and actual investment earnings	138,177	0
Changes in proportion	218,621	0
Contributions paid to TRA subsequent to the measurement date	237,895	0
Total	$1,067,236	$15,077

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

D. Pension Costs (Continued)

Deferred outflows and inflows of resources related to TRA pensions will be recognized in pension expense as follows:

Year ended June 30:	Pension Expense Amount
2023	$254,871
2024	$230,400
2025	($39,828)
2026	$355,692
2027	$13,129

E. Actuarial Methods and Assumptions

General Employees Fund

The total pension liability in the June 30, 2022 actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5 percent in the June 30, 2022 actuarial evaluation and 7.0 percent in the June 30, 2023 actuarial evaluation. This assumption is based on a review of inflation and investments return assumptions from a number of nation investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 29 years of service and 6.0 percent per year thereafter.

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

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

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

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

E. Actuarial Methods and Assumptions (Continued)

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

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

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

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

E. Actuarial Methods and Assumptions (Continued)

TRA

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

Key Methods and Assumptions Used in Valuation of Total Pension Liability	
Actuarial Information	
Valuation date	July 1, 2022
Measurement date	June 30, 2022
Experience study	June 28, 2019 (demographic and economic assumptions)
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Investment rate of return	7.0%
Price inflation	2.50%
Wage growth rate	2.85% before July 1, 2028 and 3.25% after June 30, 2028
Projected salary increase	2.85 to 8.85% before July 1, 2028 and 3.25-9.25% after June 30, 2028
Cost of living adjustment	1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.
Mortality assumptions	
Pre-retirement:	RP- 2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP-2015 scale.
Post-retirement:	RP-2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
Post-disability:	RP-2014 disabled retiree mortality table, without adjustment.

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

E. Actuarial Methods and Assumptions (Continued)

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

The target allocation and best estimate of geometric real rates of return for each major asset class are summarized on page 59 (same rates as PERA).

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

Changes in actuarial assumptions since the 2021 valuation:

- None

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

F. Discount Rate

General Employees Plan

The discount rate used to measure the total pension liability in 2022 was 6.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TRA

The discount rate used to measure the total pension liability was 7.0 percent. There was no change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal 2022 contribution rate, contributions from school districts will be made at the contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

G. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraphs, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (5.5%)	Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
District's proportionate share of the General Employees Fund net pension liability:	$1,338,581	$847,444	$444,635
	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
District's proportionate share of the TRA pension liability:	$5,440,660	$3,451,220	$1,820,499

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

H. Pension Plan Fiduciary Net Position

Detailed information about each defined benefit pension plan's fiduciary net position is available in a separately-issued PERA and TRA financial reports. The PERA report may be obtained on the Internet at www.mnpera.org. TRA's report can be obtained at www.MinnesotaTRA.org, or by writing to TRA at 60 Empire Drive, Suite 400, St. Paul, MN, 55103-4000; or by calling 651-296-2409 or 800-657-3669.

I. Subsequent Events and the COVID-19 Pandemic Subsequent to Year-End

On November 2, 2021 the District voters passed a $41 million dollar bond referendum for a new PK-12 school to be building Lamberton, MN. The bonds will be for 25 years. Proceeds for the bond were received in FY2022 but work will continue on the building during FY2024.

The United States and global markets experienced declines in values resulting from uncertainty caused by COVID-19. The resulting declines are expected to have a negative impact on TRA's discount rate as well as the value of the Plan's investments. Any impact caused by the resulting declines have not been included in the Schedules as of June 30, 2023.

NOTE 9 – COMPENSATION – ANNUITY MATCHING PLAN

The District will provide matching 403(b) tax-sheltered annuity plan as allowed under Minnesota Statute Section 356.74. For the purposes of contribution, the annual contribution year shall be considered to extend from September 1 through August 31 each twelve months. In accordance with Minnesota Statute 356.24, the District agrees to match up to $2,250 annually, payable in twelve monthly installments of up to $175.00 per month to a District approved 403(b) company for all full time teachers. Part time teachers will receive a pro-rated match based on the percentage of their employment. Teachers planning to retire within five years of this contract shall convert the total monthly matching annuity amounts from the District plus their own to the Minnesota Post Retirement Self Health Insurance Care Savings Plan. Teachers may contribute more than the match to their Minnesota Post Retirement Health Insurance Savings Plan. The cost to the District for this plan for the 2022-2023 year was $81,832.

NOTE 10 – COMPENSATION – ANNUITY MATCHING PLAN (Continued)

The principal will be eligible to participate in the District's tax-sheltered annuity plan established pursuant to District policy up to matching $2,000 per year.

The District shall contribute $2,000 a year to the tax-sheltered annuity plan of the superintendent as authorized by Minnesota Statute 123.35.

The District provides no additional postemployment benefits.

NOTE 11 – CONTINGENCIES

Litigation
The District is not involved in any litigation as of the date of this report.

Federal and State Grants
The District has received Federal and State grants and aids in current and past years for specific purposes that are subject to review and audit by the grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. The District administration believes such disallowances, if any, will be immaterial.

NOTE 12 – DEFICIT FUND BALANCES

There are no deficit fund balances as of June 30, 2023.

NOTE 13 – SALARIES PAYABLE AND PAYROLL DEDUCTIONS PAYABLE

Contracts for teachers' salaries are payable in twelve monthly installments beginning in September. At fiscal year-end, two months of salary expense remains to be paid under current contracts. In order to match that salary expense with the fiscal year in which it was earned, the expense and corresponding liability are posted to the accounts on June 30.

NOTE 14 – INTERFUND BALANCES AND OPERATING TRANSFERS

At June 30, 2023, there were no inter-fund balances owed.

During fiscal year 2023, no transfers occurred between funds.

NOTE 15 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess of Expenditures over Budget

Budgetary control for governmental funds is established by each fund's total appropriations. There were no excess of expenditures over budget.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 2884

RED ROCK CENTRAL

SCHEDULE OF CHANGES IN

TOTAL OPEB LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED JUNE 30, 2023

Total OPEB Liability	**7/1/2022**	**7/1/2021**	**7/1/2020**	**7/1/2019**	**7/1/2018**	**7/1/2017**
Service Cost	$ 37,152	$ 44,657	$ 38,391	$ 33,754	$ 35,414	$ 34,383
Interest	8,261	10,091	13,183	22,391	23,125	23,357
Differences between Expected and Actual Experience	(23,082)	(51,053)	-	(156,579)	-	-
Assumption Changes	-	9,554	7,423	(55,143)	-	-
Plan Changes	-	16,093	-	-	-	-
Benefit Payments	(36,999)	(60,712)	(79,189)	(85,408)	(71,646)	(59,627)
Net Change in Total OPEB Liability	(14,668)	(31,370)	(20,192)	(240,985)	(13,107)	(1,887)
Total OPEB Liability - Beginning	374,611	405,981	426,173	667,158	680,265	682,152
Total OPEB Liability - Ending	$ 359,943	$ 374,611	$ 405,981	$ 426,173	$ 667,158	$ 680,265
Covered-Employee Payroll	$ 3,113,641	$ 3,022,952	$ 2,943,960	$ 2,858,214	$ 2,553,495	$ 2,479,121
Total OPEB Liability as a Percentage of Covered-Employee Payroll	11.56%	12.39%	13.79%	14.91%	26.13%	27.44%

Note: The District implemented the provisions of GASB Statement No. 75 for the year ended June 30, 2018. The Schedules within the Required Supplementary Information section require a ten-year presentation, but do not require retroactive reporting. Information prior to 2018 is not available. Additional years will be reported as they become available. This schedule is presented using the optional format of combining the required schedules in paragraphs 170(a) and 170(b) of GASB Statement No. 75.

INDEPENDENT SCHOOL DISTRICT NO. 2884
RED ROCK CENTRAL
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT FUND

Measurement Date	District's Proportion (Percentage) of the Net Pension Liability (Asset)	District's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the District (b)	District's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the District (a+b)	District's Covered-Employee Payroll (c)	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll (a+b/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2022	0.0107%	$847,444	$24,814	$872,258	$808,362	107.90%	76.70%
June 30, 2021	0.0099%	$422,774	$12,908	$435,682	$802,747	54.27%	87.00%
June 30, 2020	0.0091%	$545,587	$16,859	$562,446	$706,380	79.62%	79.10%
June 30, 2019	0.0095%	$525,234	$16,333	$541,567	$649,450	83.39%	80.20%
June 30, 2018	0.0102%	$565,854	$18,500	$584,354	$675,599	86.49%	79.50%
June 30, 2017	0.0099%	$632,009	$7,924	$639,933	$685,245	93.39%	75.90%
June 30, 2016	0.0101%	$820,070	$10,782	$830,852	$635,926	130.65%	68.90%
June 30, 2015	0.0108%	$559,712	$0	$559,712	$629,581	88.90%	78.20%
June 30, 2014	0.0114%	$535,515	$0	$535,515	$632,966	84.60%	78.70%

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 2884
RED ROCK CENTRAL
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
TEACHERS RETIREMENT ASSOCIATION (TRA)

Measurement Date	District's Proportion (Percentage) of the Net Pension Liability (Asset)	District's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the District (b)	District's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the District (a+b)	Employer's Covered-Employee Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll (a+b/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2022	0.0431%	$3,451,220	$255,959	$3,707,179	$2,782,217	133.25%	76.17%
June 30, 2021	0.0413%	$1,807,411	$152,492	$1,959,903	$2,663,250	73.59%	86.63%
June 30, 2020	0.0391%	$2,888,760	$242,220	$3,130,980	$2,463,667	127.09%	75.48%
June 30, 2019	0.0377%	$2,403,006	$212,470	$2,615,476	$2,273,380	115.05%	78.07%
June 30, 2018	0.0377%	$2,370,756	$222,785	$2,593,541	$2,140,324	121.18%	78.07%
June 30, 2017	0.0377%	$7,525,604	$726,696	$8,252,300	$2,079,579	396.83%	51.57%
June 30, 2016	0.0387%	$9,230,738	$926,877	$10,157,615	$2,029,003	500.62%	44.88%
June 30, 2015	0.0405%	$2,505,326	$0	$2,505,326	$2,014,893	124.34%	76.80%
June 30, 2014	0.0477%	$2,197,982	$0	$2,197,982	$2,176,542	100.99%	81.50%

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 2884
RED ROCK CENTRAL
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT FUND

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered-Employee Payroll (c)	Contributions as a Percentage of Covered-Employee Payroll (b/c)
June 30, 2023	$60,627	$60,627	-	$808,363	7.50%
June 30, 2022	$60,206	$60,206	-	$802,747	7.50%
June 30, 2021	$52,979	$52,979	-	$706,380	7.50%
June 30, 2020	$48,709	$48,709	-	$649,450	7.50%
June 30, 2019	$50,670	$50,670	-	$675,599	7.50%
June 30, 2018	$51,394	$51,394	-	$685,245	7.50%
June 30, 2017	$47,695	$47,695	-	$635,926	7.50%
June 30, 2016	$47,219	$47,219	-	$629,581	7.50%
June 30, 2015	$46,705	$46,705	-	$632,966	7.38%

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 2884
RED ROCK CENTRAL
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
TEACHERS RETIREMENT ASSOCIATION (TRA)

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered-Employee Payroll (c)	Contributions as a Percentage of Covered-Employee Payroll (b/c)
June 30, 2023	$237,880	$237,880	-	$2,782,217	8.55%
June 30, 2022	$222,115	$222,115	-	$2,663,250	8.34%
June 30, 2021	$200,296	$200,296	-	$2,463,667	8.13%
June 30, 2020	$180,060	$180,060	-	$2,273,380	7.92%
June 30, 2019	$165,019	$165,019	-	$2,140,324	7.71%
June 30, 2018	$155,968	$155,968	-	$2,079,579	7.50%
June 30, 2017	$152,175	$152,175	-	$2,029,003	7.50%
June 30, 2016	$151,117	$151,117	-	$2,014,893	7.50%
June 30, 2015	$154,355	$154,355	-	$2,058,067	7.50%

INDEPENDENT SCHOOL DISTRICT NO. 2884
RED ROCK CENTRAL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

1. DEFINED BENEFIT PENSION PLANS

Public Employees Retirement Association

2023 Changes:
Changes in Actuarial Assumptions:
- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2022 Changes:
Changes in Actuarial Assumptions:
- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2021 Changes:
Changes in Actuarial Assumptions:
- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingl

INDEPENDENT SCHOOL DISTRICT NO. 2884
RED ROCK CENTRAL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

1. DEFINED BENEFIT PENSION PLANS (Continued)

Public Employees Retirement Association (Continued)

Changes in Plan Provisions:

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

2020 Changes:
Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

2019 Changes:
Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.0 percent to 3.0 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.0 percent per year with a provision to increase to 2.5 percent upon attainment of 90 percent funding ratio to 50 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age. Does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

INDEPENDENT SCHOOL DISTRICT NO. 2884
RED ROCK CENTRAL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

1. DEFINED BENEFIT PENSION PLANS (Continued)

Public Employees Retirement Association (Continued)

2018 Changes:
Changes in Actuarial Assumptions:
- The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2017 Changes:
Changes in Actuarial Assumptions:
- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2023 and 2.5 percent thereafter to 1.0 percent per year for all future years.
- The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2016 Changes:
Changes in Plan Provisions:
- On January 1, 2015 the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by $1.1 billion and increased the fiduciary plan net position by $892 million. Upon consolidation, state and employer contributions were revised.

Changes in Actuarial Assumptions:
- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

1. DEFINED BENEFIT PENSION PLANS (Continued)

Teachers Retirement Association

2023 Changes:

- No changes

2022 Changes:

Changes in Actuarial Assumptions:

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

2021, 2020 and 2019 Changes:

Change of Assumptions

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

1. DEFINED BENEFIT PENSION PLANS (Continued)

Teachers Retirement Association (Continued)

2018 Changes:
Change of Assumptions

- The cost of living adjustment (COLA) was assumed to increase from 2.0 percent annually to 2.5 percent annually on July 1, 2045.
- The COLA was not assumed to increase to 2.5 percent, but remain at 2.0 percent for all future years.
- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4 percent to 0.0 percent, the vested inactive load increased from 4.0 percent to 7.0% and the non-vested inactive load increased from 4.0 percent to 9.0 percent.
- The investment return assumption was changed from 8.00 percent to 7.50 percent.
- The price inflation assumption was lowered from 2.75 percent to 2.50 percent.
- The payroll growth assumption was lowered from 3.50 percent to 3.00 percent.
- The general wage growth assumption was lowered from 3.50 percent to 2.85 percent for ten years followed by 3.25 percent thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

2017 Changes:
The discount rate used to measure the total pension liability was 4.66 percent. This is a decrease from the discount rate at the prior measurement date of 8.00 percent. Based on those assumptions, the pension plan's fiduciary net position was projected to be depleted in 2052 and, as a result, the Municipal Bond Index Rate was used in the determination of the Single Equivalent Interest Rate (SEIR). The long-term expected rate of return was applied to periods before 2052 and the Municipal Bond Index Rate of 3.01 percent was applied to periods on and after 2052, resulting in a SEIR of 4.66 percent.

2016 Changes:
Change of benefit terms: The DTRFA was merged into TRA on June 30, 2015.

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

OTHER SUPPLEMENTARY INFORMATION

Independent School District No. 2884
Red Rock Central
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue		
	Community Services	Food Service	Total Nonmajor Governmental Funds
ASSETS			
Cash and Cash Equivalents	$ 175,842	$ 449,231	$ 625,073
Property Taxes Receivable- Current	39,603	--	39,603
Property Taxes Receivable - Delinquent	1,789	--	1,789
Due from Minnesota Department of Education	1,366	--	1,366
Due from Federal - Department of Education	--	1,485	1,485
Inventory	--	2,414	2,414
Total Assets	218,600	453,130	671,730
DEFERRED OUTFLOWS OF RESOURCES			
Aggregated deferred outflows	--	--	--
Total Assets and Deferred Outflows of Resources	$ **218,600**	$ **453,130**	$ **671,730**
LIABILITIES			
Salaries Payable	$ 17,169	$ 15,952	$ 33,121
Accounts Payable	372	49	421
Due to Other Governmental Units	94	--	94
Total Liabilities	17,635	16,001	33,636
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Subsequent Years	50,066	--	50,066
Unavailable Revenue- Delinquent Property Taxes	1,789	--	1,789
Total Liabilities and Deferred Inflows of Resources	69,490	16,001	85,491
FUND BALANCE			
Nonspendable	--	2,414	2,414
Restricted	149,110	434,715	583,825
Unassigned	--	--	--
Total Fund Balance	149,110	437,129	586,239
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ **218,600**	$ **453,130**	$ **671,730**

Independent School District No. 2884
Red Rock Central
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue		
	Community Services	**Food Service**	**Total Nonmajor Governmental Funds**
Revenues			
Local Property Tax Levies	$ 40,879	$ --	$ 40,879
Other Local and County Sources	40,853	6,391	47,244
State Sources	16,856	12,607	29,463
Federal Sources	1,126	190,331	191,457
Other	2,714	107,601	110,315
Interest	4,669	13,687	18,356
Total Revenues	107,097	330,617	437,714
Expenditures			
Food Service	--	278,392	278,392
Community Service	95,763	--	95,763
Total Expenditures	95,763	278,392	374,155
Excess of Revenues Over (Under) Expenditures	11,334	52,225	63,559
Other Financing Sources (Uses)			
Transfers from other funds	--	--	--
Transfers to other funds	--	--	--
Net Other Financing Sources (Uses)	--	--	--
Net Change in Fund Balance	**11,334**	**52,225**	**63,559**
Fund Balance at Beginning of Period	137,776	384,904	522,680
Fund Balance at End of Period	$ **149,110**	$ **437,129**	$ **586,239**

INDEPENDENT SCHOOL DISTRICT NO. 2884
RED ROCK CENTRAL
SCHEDULE OF PRIOR AND CURRENT FINDINGS AND RESPONSES
JUNE 30, 2023

STATUS OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

2022-001: A material weakness was reported due to the lack of segregation of duties within the organization. The finding continues to exist and has been restated as Finding 2023-001.

INDEPENDENT SCHOOL DISTRICT NO. 2884
RED ROCK CENTRAL
SCHEDULE OF PRIOR AND CURRENT FINDINGS AND RESPONSES
JUNE 30, 2023

CURRENT AUDIT FINDING AND RECOMMENDATION

Finding 2023-001: The District does not maintain an adequate segregation of duties among its accounting personnel.

Condition: Due to the limited number of accounting office personnel within the District, segregation of the accounting functions necessary to ensure adequate internal accounting control is not always possible. Management is aware of the risks associated with the lack of segregation of duties and has implemented various oversight procedures. No further segregation is possible without the hiring of additional staff and current budgetary considerations do not allow for this. This finding was reported during the prior fiscal year as well.

Effect: This could affect the District's ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements.

Cause: The District has limited staff in the accounting department. The same employee is performing multiple accounting functions.

Criteria: One basic objective of internal control is to provide for segregation of incompatible duties. In other words, responsibilities should be separated among employees so that a single employee is not able to authorize a transaction, record the transaction in accounts, and maintain responsibility for custody of the asset resulting from the transaction.

Recommendation: Since we acknowledge that it is not economically feasible for the District to hire additional staff, we recommend the District continue to monitor financial activity. We also recommend the School Board review and approve all bills, as well as approve bank reconciliations, which should be documented by initialing the bank reconciliation.

Corrective Action Plan (CAP):

1. Explanation of Disagreement with Audit Finding
   There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding
   The following segregation of duties are presently in place:
   - The School Board reviews and approves all bills
   - The School Board and/or other personnel periodically review various expenditure reports for amounts, classifications and comparison to budget.

   Due to limited personnel, it is not practical to implement a complete segregation of duties. However, the District will continue to review its procedures to determine if any improvements can be made using the limited personnel available.

INDEPENDENT SCHOOL DISTRICT NO. 2884
RED ROCK CENTRAL
SCHEDULE OF PRIOR AND CURRENT FINDINGS AND RESPONSES
JUNE 30, 2023

Finding 2023-001: The District does not maintain an adequate segregation of duties among its accounting personnel (continued).

3. Official Responsible for Ensuring Correction Action Plan
   The superintendent is responsible to carry out the plan.

4. Planned Completion Date for the Corrective Action Plan
   The corrective action will be implemented by June 30, 2024.

5. Plan to Monitor Completion of Corrective Action Plan
   The Board of Education is responsible to monitor the corrective action. The monitoring will be documented by the superintendent.

Kinner & Company Ltd

Certified Public Accountants

<u>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*</u>

Members of the Board of
Independent School District No. 2884

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Independent School District No. 2884, Lamberton, Minnesota, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Independent School District No. 2884's basic financial statements and have issued our report thereon dated November 15, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Independent School District No. 2884, Lamberton, Minnesota's internal control over financial reporting (internal control) to determine the 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 Independent School District No. 2884, Lamberton, Minnesota's internal control. Accordingly, we do not express an opinion on the effectiveness of the Independent School District No. 2884, Lamberton, Minnesota'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 did identify certain deficiencies in internal control, described in the accompanying Schedule of Prior and Current Findings and Responses, as item 2023-001, to be a material weakness.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Independent School District No. 2884, Lamberton, Minnesota'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 determination of financial statement amounts. 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*.

Independent School District No. 2884's Response to Findings

The Independent School District No. 2884, Lamberton, Minnesota's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Independent School District No. 2884, Lamberton, Minnesota's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Minnesota Legal Compliance

In connection with our audit, nothing came to our attention that caused us to believe that Independent School District No. 2884, Lamberton, Minnesota 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 Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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.

Kinner & Company Ltd

Kinner & Company Ltd
Certified Public Accountants
Wabasso, MN

November 15, 2023

COMPLIANCE TABLE

Fiscal Compliance Report - 6/30/2023

Help Logoff

District: RED ROCK CENTRAL (2884-1)

Back Print

01 GENERAL FUND

	Audit	UFARS	Audit - UFARS
Total Revenue	$5,521,989	$5,521,990	($1)
Total Expenditures	$6,906,359	$6,906,347	$12
Non Spendable:			
4.60 Non Spendable Fund Balance	$132,693	$132,693	$0
Restricted / Reserved:			
4.01 Student Activities	$158,811	$158,811	$0
4.02 Scholarships	$20,274	$20,274	$0
4.03 Staff Development	$0	$0	$0
4.07 Capital Projects Levy	$0	$0	$0
4.08 Cooperative Revenue	$0	$0	$0
4.13 Funded by COP/FP	$0	$0	$0
4.14 Operating Debt	$0	$0	$0
4.16 Levy Reduction	$0	$0	$0
4.17 Taconite Building Maint	$0	$0	$0
4.24 Operating Capital	$188,670	$188,670	$0
4.26 $25 Taconite	$0	$0	$0
4.27 Disabled Accessibility	$0	$0	$0
4.28 Learning & Development	$0	$0	$0
4.34 Area Learning Center	$0	$0	$0
4.35 Contracted Alt. Programs	$0	$0	$0
4.36 State Approved Alt. Program	$0	$0	$0
4.38 Gifted & Talented	$0	$0	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.41 Basic Skills Programs	$0	$0	$0
4.48 Achievement and Integration	$0	$0	$0
4.49 Safe Schools Levy	($51,358)	($51,358)	$0
4.51 QZAB Payments	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
4.53 Unfunded Sev & Retiremt Levy	$0	$0	$0
4.59 Basic Skills Extended Time	$1,263	$1,263	$0
4.67 LTFM	$477,377	$477,377	$0
4.72 Medical Assistance	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
4.75 Title VII Impact Aid	$0	$0	$0
4.76 Payments in Lieu of Taxes	$0	$0	$0
Committed:			
4.18 Committed for Separation	$11,333	$11,333	$0
4.61 Committed Fund Balance	$0	$0	$0
Assigned:			
4.62 Assigned Fund Balance	$710,625	$710,625	$0
Unassigned:			
4.22 Unassigned Fund Balance	$419,808	$419,809	($1)

02 FOOD SERVICES

	Audit	UFARS	Audit - UFARS
Total Revenue	$330,617	$330,616	$1
Total Expenditures	$278,392	$278,392	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$2,414	$2,414	$0
Restricted / Reserved:			
4.52 OPEB Liab Not In Trust	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$434,715	$434,715	$0
Unassigned:			
4.63 Unassigned Fund Balancee	$0	$0	$0

04 COMMUNITY SERVICE

06 BUILDING CONSTRUCTION

	Audit	UFARS	Audit - UFARS
Total Revenue	$720,246	$720,246	$0
Total Expenditures	$10,030,575	$10,030,575	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.07 Capital Projects Levy	$0	$0	$0
4.13 Funded by COP/FP	$0	$0	$0
4.67 LTFM	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$30,735,445	$30,735,444	$1
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

07 DEBT SERVICE

	Audit	UFARS	Audit - UFARS
Total Revenue	$2,365,403	$2,365,404	($1)
Total Expenditures	$2,245,228	$2,245,228	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.25 Bond Refundings	$0	$0	$0
4.33 Maximum Effort Loan Aid	$0	$0	$0
4.51 QZAB Payments	$0	$0	$0
4.67 LTFM	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$120,279	$120,280	($1)
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

08 TRUST

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

18 CUSTODIAL

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

20 INTERNAL SERVICE

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

25 OPEB REVOCABLE TRUST

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

45 OPEB IRREVOCABLE TRUST

	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0

Total Revenue	$107,097	$107,096	$1
Total Expenditures	$95,763	$95,761	$2
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.26 $25 Taconite	$0	$0	$0
4.31 Community Education	$119,746	$119,746	$0
4.32 E.C.F.E	$43,676	$43,676	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.44 School Readiness	($21,623)	($21,623)	$0
4.47 Adult Basic Education	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$7,312	$7,312	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

Total Expenditures	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0

47 OPEB DEBT SERVICE

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