INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS
VIRGINIA, MINNESOTA

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA
TABLE OF CONTENTS

TABLE OF CONTENTS

INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA
ROSTER OF SCHOOL OFFICIALS
June 30, 2024

Bill Addy	Chairperson
John Uhan	Vice-Chairperson
Nicole Culbert-Dahl	Treasurer
Brandi Lautigar	Clerk
Lisa Westby	Director
Tin Riordan	Director
Pollyann Sorcan	Director
Dr. Noel Schmidt	Superintendent

BradyMartz

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Independent School District No. 2909
Rock Ridge Schools
Virginia, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 2909, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 2909, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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. 2909, 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.

Correction of Error

As discussed in Note 2 to the financial statements, the District corrected a previously reported error in net position/fund balance as of June 30, 2024. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement 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 judgement 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. 2909'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Independent School District No. 2909'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, budgetary comparison information, schedule of changes in the District's total OPEB liability and related ratios, schedule of District contributions, schedule of District share of net pension liability, and notes to required supplementary information as listed in the table of contents as required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining statements, schedule of changes in fund balances and compliance table as listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, schedule of changes in fund balances, and compliance table 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 roster of school officials 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 January 6, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Brady Martz

BRADY, MARTZ & ASSOCIATES, P.C.
THIEF RIVER FALLS, MINNESOTA

January 6, 2025

This section of Independent School District No. 2909's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2024. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

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

- The General fund balance decreased $3,269,506 during the 2023-2024 school year.

Overview of the Financial Statements

This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information, and supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the district-wide statements.
    - The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short-term* as well as what remains for future spending.
    - The *proprietary fund* statements provides information about an internal service fund which accumulates and allocates costs internally to the District's various functions.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's general fund budget for the year, and supplementary information that is presented for additional analysis.

District-wide Statements

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

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

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

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

- *Governmental activities*: All of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds. 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 (such as repaying its long-term debts) or to show that it is properly using certain revenues.

The District has two kinds of funds:

Governmental funds: The District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, reconciliations have been provided following the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance to help explain the relationship (or differences) between governmental funds and governmental activities.

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and building construction fund, all of which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data is provided in the form of combining statements elsewhere in this report.

Fiduciary Funds: The District is the trustee, or fiduciary, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only by those to whom the assets belong. The District's fiduciary activities (consisting of a Scholarship Fund and an OPEB Trust Fund) are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

Net Position

The District's combined net position was $36,159,130 on June 30, 2024 (see details in Table A-1).

Table A-1
Statement of Net Position

	2024	2023	Total Percentage Change
Current and Other Assets	$ 31,134,341	$ 35,211,762	(11.6) %
Capital Assets	219,952,754	202,932,897	8.4
Total Assets	251,087,095	238,144,659	5.4
Deferred Outflows of Resources	7,544,652	10,449,070	(27.8)
Long-Term Liabilities	191,458,006	190,953,191	0.3
Other Liabilities	20,027,091	9,593,826	108.7
Total Liabilities	211,485,097	200,547,017	5.5
Deferred Inflows of Resources	10,987,520	13,128,777	(16.3)
Net Position			
Net Investment in Capital Assets	52,692,018	61,547,051	(14.4)
Restricted	10,010,622	6,140,004	63.0
Unrestricted	(26,543,510)	(32,769,120)	19.0
Total Net Position	$ 36,159,130	$ 34,917,935	3.6 %

Change in Net Position

Table A-2 presents the change in net position of the District.

Table A-2
Change in Net Position

	2024	2023	Total Percentage Change
Revenues			
Program Revenues			
Charges for Services	$ 1,603,327	$ 1,249,941	28.3 %
Operating Grants and Contributions	8,443,179	7,291,992	15.8
Capital Grants and Contributions	6,700,000	1,078,697	521.1
General Revenues			
Property Taxes	13,171,339	13,145,059	0.2
Unrestricted State Aid	30,079,598	27,118,076	10.9
Other Sources	2,300,147	3,224,129	(28.7)
Total Revenues	62,297,590	53,107,894	17.3
Expenses			
Administration	1,819,134	1,886,552	(3.6)
District Support Services	1,202,708	1,320,545	(8.9)
Elementary & Secondary Regular Instruction	13,846,524	15,046,184	(8.0)
Vocational Education Instruction	614,796	524,353	17.2
Special Education Instruction	5,757,066	5,540,887	3.9
Community Education and Services	1,276,097	827,248	54.3
Instructional Support Services	2,472,750	2,405,835	2.8
Pupil Support Services	5,569,376	5,507,773	1.1
Sites and Buildings	17,238,942	7,424,440	132.2
Fixed Costs	415,153	340,965	21.8
Interest on Long-Term Debt	5,751,024	5,272,459	9.1
Depreciation - Unallocated	2,610,892		100.0
Total Expenses	58,574,462	46,097,241	27.1
Change in Net Position	3,723,128	7,010,653	(46.9)
Fund Balances - Beginning	34,917,935	27,907,282	25.1
Error Correction - See Note 2	(2,481,933)		100.0
Fund Balances - Beginning, as restated	32,436,002	27,907,282	25.1
Net Position - Ending	$ 36,159,130	$ 34,917,935	3.6 %

The District’s total revenues were $62,297,590 for the year ended June 30, 2024. Property taxes and state aid payments accounted for 77 percent of total revenue for the year.

The total cost of all programs and services was $58,574,462. The District's expenses are predominantly related to educating and caring for students. The net cost of governmental activities is their total costs less program revenues applicable to each category. Total revenues surpassed expenses, increasing net position $3,723,128 over last year. For the year ended June 30, 2024, the net effect of the District's deferred inflows and outflows of resources and net pension liability related to TRA and PERA increased net position by $1,929,394. For the year ended June 30, 2023, the net effect of the District's deferred inflows and outflows of resources and net pension liability related to TRA and PERA increased net position by $4,476,010.

Table A-3 presents these net costs.

Table A-3
Net Cost of Governmental Activities

	Total Cost of Services		Total Percentage Change	Net Cost of Services		Total Percentage Change
	2024	2023		2024	2023	
Expenses						
Administration	$ 1,819,134	$ 1,886,552	(3.6) %	$ 1,604,993	$ 1,886,552	(14.9) %
District Support Services	1,202,708	1,320,545	(8.9)	993,985	47,582	1,989.0
Elementary & Secondary Regular Instruction	13,846,524	15,046,184	(8.0)	11,292,034	14,093,656	(19.9)
Vocational Education Instruction	614,796	524,353	17.2	232,611	139,913	66.3
Special Education Instruction	5,757,066	5,540,887	3.9	1,307,630	2,052,400	(36.3)
Community Education and Services	1,276,097	827,248	54.3	982,134	426,311	130.4
Instructional Support Services	2,472,750	2,405,835	2.8	2,399,653	1,943,466	23.5
Pupil Support Services	5,569,376	5,507,773	1.1	4,228,785	4,188,414	1.0
Sites and Buildings	17,238,942	7,424,440	132.2	10,009,062	6,084,893	64.5
Fixed Costs	415,153	340,965	21.8	415,153	340,965	21.8
Interest on Long-Term Debt	5,751,024	5,272,459	9.1	5,751,024	5,272,459	9.1
Depreciation - Unallocated	2,610,892		100.0	2,610,892		100.0
	$ 58,574,462	$ 46,097,241	27.1 %	$ 41,827,956	$ 36,476,611	14.7 %

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Table A-4
Major Funds

	Fund Balance		Increase	Percentage Increase
	6/30/24	6/30/23	(Decrease)	(Decrease)
Governmental Funds				
General	$ 6,463,004	$ 9,493,902	$ (3,030,898)	(31.9) %
Debt Service Fund	1,705,352	869,250	836,102	96.2
Building Construction Fund	1,379,223	7,744,154	(6,364,931)	(82.2)

General Fund

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

Table A-5 presents a summary of general fund revenue.

Table A-5
General Fund Revenue

	2024	2023	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local Sources				
Property Taxes	$ 5,845,036	$ 6,114,666	$ (269,630)	(4.4) %
Other	9,365,476	2,381,809	6,983,667	293.2
State Sources	27,495,856	26,576,466	919,390	3.5
Federal Sources	3,111,413	2,740,635	370,778	13.5
Total General Fund Revenue	$ 45,817,781	$ 37,813,576	$ 8,004,205	21.2 %

Total general fund revenue increased by $8,004,205 or 21.2 percent from the previous year. Basic general education revenue is determined by a state per student funding formula. Other state-authorized revenue, including excess levy referendum and the property tax shift, involve 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.

Table A-6 presents a summary of general fund expenditures.

Table A-6
General Fund Expenditures

	2024	2023	Amount of Increase (Decrease)	Percent Increase (Decrease)
Salaries	$ 19,667,839	$ 19,900,040	$ (232,201)	(1.2) %
Employee Benefits	6,479,172	6,157,549	321,623	5.2
Purchased Services	7,979,143	9,249,729	(1,270,586)	(13.7)
Supplies and Materials	2,240,666	2,016,923	223,743	11.1
Capital Expenditures	13,510,301	425,737	13,084,564	3,073.4
Other Expenditures	120,090	165,898	(45,808)	(27.6)
Total General Fund Expenditures	$ 49,997,211	$ 37,915,876	$ 12,081,335	31.9 %

Total general fund expenditures increased $12,081,335 or 31.9 percent from the previous year.

General Fund Budgetary Highlights

The District's final budget for the general fund anticipated that revenues would exceed expenditures by $1,235,241, the actual results for the year show a $3,269,506 deficit. The decrease in fund balance was mainly due to coding some construction project costs to the general fund.

Capital Assets and Debt Administration

Capital Assets

Note 4 to the financial statements presents an analysis of capital asset transactions occurring during the year ended June 30, 2024. Additions totaling $31,816,567 included three buses, an antomage table, a scissor lift, a fork lift, a snowplow, the Laurentian Elementary and Rock Ridge High School, and construction in progress on the Administration Building and North Star Elementary. There were many disposals in the current year with the destruction of various buildings.

Long-Term Debt

At year-end, the District had $176,237,557 of long-term debt. This consisted of bonded indebtedness net of related premiums of $174,132,960, financed purchases of $1,392,401, and severance payable of $712,196. Note 8 to the financial statements presents details and payment provisions of these items.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the existing circumstances that could significantly affect its financial health in the future:

- The District expects enrollment to remain constant for the upcoming year. Declining enrollment coupled with inflation could have a negative impact on the District's financial outlook.
- Interest earnings are expected to continue to be significantly lower.
- Weakening economic conditions in local economy.
- The political environment at the State level will have a significant effect on future finances. The State legislature sets the amount of revenue from aids and levies that Minnesota school districts will receive.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Manager, Andrea Lintula, Independent School District #2909, 411 5th Ave South, Virginia, MN 55792.

INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA
STATEMENT OF NET POSITION
June 30, 2024

GOVERNMENTAL ACTIVITIES	
ASSETS	
Cash and Investments	$ 12,172,570
Property Taxes Receivable	2,639,524
Accounts Receivable	47,062
Due From MN School Districts	911,871
Due From Department of Education	3,358,121
Due From Federal Govt. - DOE	2,493,774
Due From Federal Govt.	51,254
Due From Other Governmental Units	3,158,762
Lease Receivable	269,296
Inventory	35,010
Net Other Postemployment Benefit Asset	5,997,097
Capital Assets	
Land, Construction in Process	47,748,797
Other Capital Assets, Net of Depreciation	172,203,957
TOTAL ASSETS	251,087,095
DEFERRED OUTFLOWS OF RESOURCES	
Cost Sharing Defined Benefit Pension Plan	7,149,467
Other Postemployment Benefit	395,185
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,544,652
LIABILITIES	
Accounts Payable	6,506,546
Salaries Payable	2,041,107
Payroll Deductions	302,828
Due to Other MN School Districts	478,991
Unearned Revenue	76,769
Interest Payable	3,068,068
Vacation Payable	236,682
Long-Term Liabilities Due Within One Year	7,316,100
Long-Term Liabilities	
Bonds, Net	174,132,960
Financed Purchase	1,392,401
Severance Payable	712,196
Net Pension Liability	22,536,549
Less Amounts Due Within One Year	(7,316,100)
Total Long-Term Liabilities	191,458,006
TOTAL LIABILITIES	211,485,097
DEFERRED INFLOWS OF RESOURCES	
Leases	269,296
Property Taxes Levied - Subs. Years	4,574,152
Cost Sharing Defined Benefit Pension Plan	4,714,982
Other Postemployment Benefit Liability	1,429,090
TOTAL DEFERRED INFLOWS OF RESOURCES	10,987,520

See Notes to the Basic Financial Statements

NET POSITION	
Net Investment in Capital Assets	52,692,018
Restricted	
Student Activity	70,426
Staff Development	272,033
Literacy Incentive Aid	51,288
Taconite Building Maintenance	1,661,943
American Indian Ed Aid	20,956
Operating Capital	295,586
Gifted and Talented	3,352
English Learner	476
School Library Aid	20,473
Safe Schools	31,126
Basic Skills Programs	106,087
Medical Assistance	40,293
Student Support Personnel	40,000
Medical Assistance	155,842
OPEB Asset	5,997,097
Food Service	624,152
Community Education	327,520
OPEB Debt Service	291,972
Unrestricted	(26,543,510)
TOTAL NET POSITION	$ 36,159,130

See Notes to the Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

		Program Revenues			Net (Expense)
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
GOVERNMENTAL ACTIVITIES					
Administration	$ 1,819,134	$ 204,540	$ 9,601	$	$ (1,604,993)
District Support Services	1,202,708		208,723		(993,985)
Elementary & Secondary					
Regular Instruction	13,846,524	316,162	2,238,328		(11,292,034)
Vocational Education Instruction	614,796		382,185		(232,611)
Special Education Instruction	5,757,066		4,449,436		(1,307,630)
Community Education and Services	1,276,097	293,963			(982,134)
Instructional Support Services	2,472,750	21,843	51,254		(2,399,653)
Pupil Support Services	5,569,376	236,939	1,103,652		(4,228,785)
Sites and Buildings	17,238,942	529,880		6,700,000	(10,009,062)
Fixed Costs	415,153				(415,153)
Interest on Long-Term Debt	5,751,024				(5,751,024)
Depreciation - Unallocated	2,610,892				(2,610,892)
TOTAL GOVERNMENTAL ACTIVITIES	$ 58,574,462	$ 1,603,327	$ 8,443,179	$ 6,700,000	(41,827,956)

General Revenues	
Taxes	
Property Taxes, Levied for General Purposes	6,266,916
Property Taxes, Levied for Community Education and Services	232,184
Property Taxes, Levied for Debt Services	6,327,278
Property Taxes, Levied for OPEB Debt Services	344,961
Unrestricted State Aid	30,079,598
Unrestricted Investment Earnings	721,117
Other General Revenue	1,579,030
TOTAL GENERAL REVENUES	45,551,084
Change in Net Position	3,723,128
Fund Balances - Beginning	34,917,935
Error Correction - See Note 2	(2,481,933)
Fund Balances - Beginning, as restated	32,436,002
Net Position - Ending	$ 36,159,130

See Notes to the Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2024

	General Fund	Debt Service Fund	Building Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Investments	$ 2,291,184	$ 2,242,277	$ 5,926,413	$ 1,712,696	$ 12,172,570
Restricted Cash and Investments					
Current Property Taxes Receivable	1,043,515	1,148,666		350,951	2,543,132
Delinquent Property Taxes Receivable	45,622	34,712		16,058	96,392
Accounts Receivable	292,930			23,428	316,358
Due From MN School Districts	911,871				911,871
Due From Department of Education	2,718,759	582,007		57,355	3,358,121
Due From Federal Govt. - DOE	2,493,774				2,493,774
Due From Federal Govt.	51,254				51,254
Due From Other Governmental Units	3,158,762				3,158,762
Inventory	8,042			26,968	35,010
TOTAL ASSETS	$ 13,015,713	$ 4,007,662	$ 5,926,413	$ 2,187,456	$ 25,137,244
LIABILITIES					
Accounts Payable	$ 1,762,043	$	$ 4,544,678	$ 199,825	$ 6,506,546
Salaries Payable	2,010,774		2,512	27,821	2,041,107
Payroll Deductions	302,828				302,828
Due To Other MN School Districts	475,539			3,452	478,991
Unavailable Revenue	346,065				346,065
TOTAL LIABILITIES	4,897,249		4,547,190	231,098	9,675,537
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Delinquent Taxes	45,622	34,712		16,058	96,392
Property Taxes Levied - Subs. Years	1,609,838	2,267,598		696,716	4,574,152
TOTAL DEFERRED INFLOWS OF RESOURCES	1,655,460	2,302,310		712,774	4,670,544
FUND BALANCES					
Fund Balance:					
Nonspendable: Inventory	8,042			26,968	35,010
Restricted for Student Activity	70,426				70,426
Restricted for Staff Development	272,033				272,033
Restricted for Literacy Incentive Aid	51,288				51,288
Restricted for Taconite Building Maint	1,661,943				1,661,943
Restricted for American Indian Ed Aid	20,956				20,956
Restricted for Operating Capital	295,586				295,586
Restricted for Gifted and Talented	3,352				3,352
Restricted for English Learner	476				476
Restricted for School Library Aid	20,473				20,473
Restricted for Safe Schools	31,126				31,126
Restricted for Basic Skills Programs	106,087				106,087
Restricted for Building Construction			1,379,223		1,379,223
Restricted for Medical Assistance	40,293				40,293
Restricted for Student Support Personnel	40,000				40,000
Restricted for Medical Assistance	155,842				155,842
Restricted for Debt Service		1,705,352			1,705,352
Restricted for Food Service				597,184	597,184
Restricted for Community Education				327,520	327,520
Restricted for OPEB Debt Service				291,972	291,972
Unassigned	3,685,081			(60)	3,685,021
TOTAL FUND BALANCES	6,463,004	1,705,352	1,379,223	1,243,584	10,791,163
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 13,015,713	$ 4,007,662	$ 5,926,413	$ 2,187,456	$ 25,137,244

See Notes to the Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2024

Total fund balances - governmental funds	$ 10,791,163
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	
Cost of capital assets	238,908,907
Less accumulated depreciation	(18,956,153)
Deferred outflows of resources relating to the cost sharing defined benefit plans and other postemployment benefits in the governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	7,544,652
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	
Bonds	(162,128,000)
Financed Purchases	(1,392,401)
Unamortized premiums (discounts)	(12,004,960)
Severance Payable	(712,196)
Net Pension Liability	(22,536,549)
Total Other Postemployment Benefit Liability	5,997,097
Deferred inflows of resources relating to the cost sharing defined benefit plans and other postemployment benefits in the governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	(6,144,072)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	96,392
Vacation payable is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(236,682)
Interest payable is not due and payable in the current period and, therefore, is not reported as a liability in the debt service fund.	(3,068,068)
Net position - governmental activities	$ 36,159,130

See Notes to the Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	General Fund	Debt Service Fund	Building Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Local Property Tax Levies	$ 5,845,036	$ 6,330,341	$	$ 995,759	$ 13,171,136
Other Local & County Revenues	9,365,476		613,780	615,737	10,594,993
Revenue From State Sources	27,495,856	5,820,071		1,192,605	34,508,532
Revenue From Federal Sources	3,111,413			902,832	4,014,245
TOTAL REVENUES	45,817,781	12,150,412	613,780	3,706,933	62,288,906
EXPENDITURES					
Current					
Administration	1,803,121				1,803,121
District Support Services	1,166,487				1,166,487
Elementary & Secondary Regular Instruction	15,980,302				15,980,302
Vocational Education Instruction	606,545				606,545
Special Education Instruction	5,757,066				5,757,066
Community Education and Services				1,272,364	1,272,364
Instructional Support Services	2,415,717				2,415,717
Pupil Support Services	3,602,781			1,699,644	5,302,425
Sites and Buildings	4,739,738		607,131		5,346,869
Fixed Costs	415,153				415,153
Debt Service					
Principal		6,065,000		582,000	6,647,000
Interest and Fees		5,719,310		104,660	5,823,970
Capital Outlay	13,510,301		18,306,266		31,816,567
TOTAL EXPENDITURES	49,997,211	11,784,310	18,913,397	3,658,668	84,353,586
Revenues Over (Under) Expenditures	(4,179,430)	366,102	(18,299,617)	48,265	(22,064,680)
OTHER FINANCING SOURCES (USES)					
Sale of Assets	64,638				64,638
Debt Issued	1,392,401		14,453,938		15,846,339
Transfer In		470,000		547,115	1,017,115
Transfer Out	(547,115)		(470,000)		(1,017,115)
TOTAL OTHER FINANCING SOURCES (USES)	909,924	470,000	13,983,938	547,115	15,910,977
Net Change in Fund Balances	(3,269,506)	836,102	(4,315,679)	595,380	(6,153,703)
Fund Balances - Beginning	9,493,902	869,250	7,744,154	648,204	18,755,510
Error Correction - See Note 2	238,608		(2,049,252)		(1,810,644)
Fund Balances - Beginning, as restated	9,732,510	869,250	5,694,902	648,204	16,944,866
Fund Balances - Ending	$ 6,463,004	$ 1,705,352	$ 1,379,223	$ 1,243,584	$ 10,791,163

See Notes to the Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

Total net change in fund balances - governmental funds	$ (6,153,703)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over the estimated useful lives as depreciation expense.	
Capital outlays	31,816,567
Depreciation expense	(2,995,762)
The net book value of capital assets disposed decreases net position.	(11,800,948)
Payment of debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net position.	6,647,000
The issuance of long-term debt provides current financial resources to the governmental funds, but the issuance increases long-term liabilities in the statement of net position.	(14,962,401)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. Also, governmental funds report the effect of premiums when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	(810,992)
In the statement of activities, certain expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts paid).	
Other postemployment benefit obligation	1,373,175
Severance Payable	(40,907)
Vacation Payable	(236,682)
Recognition of additional pension expense and grant revenue for the District's proportionate share of the State of Minnesota's contribution to the PERA and TRA.	
Revenue in the statement of activities that does not provide current financial resources is not reported as revenues in the governmental funds.	203
Change in net pension liability.	1,374,477
Changes in deferred outflows and inflows of resources related to net pension liability.	554,917
Changes in deferred outflows and inflows of resources related to other postemployment benefit liability.	(1,041,816)
Change in net position - governmental activities	$ 3,723,128

See Notes to the Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2024

	Scholarships Custodial Fund	Postemployment Benefits Irrevocable Trust
ASSETS		
Cash and Investments	$ 180,256	$ 12,588,504
TOTAL ASSETS	$ 180,256	$ 12,588,504
NET POSITION		
Restricted:		
Scholarships	$ 180,256	$
Held in Trust for OPEB		12,588,504
TOTAL NET POSITION	$ 180,256	$ 12,588,504

See Notes to the Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2024

	Scholarships Custodial Fund	Postemployment Benefits Irrevocable Trust
ADDITIONS		
Investment Earnings: Interest	$	$ 522,598
Gifts and Donations	2,804	
TOTAL ADDITIONS	2,804	522,598
DEDUCTIONS		
Scholarships	7,400	
Benefits		590,929
Fees		500
TOTAL DEDUCTIONS	7,400	591,429
Change in Net Position	(4,596)	(68,831)
Net Position - Beginning	184,852	12,657,335
Net Position - Ending	$ 180,256	$ 12,588,504

See Notes to the Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

Independent School District No. 2909 (District) was formed and operates pursuant to applicable Minnesota laws and statutes. The Governing Body consists of a seven-member Board elected by voters of the District. Members are elected for four-year terms. The financial statements of Independent School District No. 2909 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.

B. Reporting Entity

The District's policy is to include in the financial statements all funds, departments, agencies, boards, commissions, and other component units for which the District is considered to be financially accountable.

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

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

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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other 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 purposes for which both restricted and unrestricted net position are available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function, otherwise it is presented as unallocated. Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities.

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

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 district-wide and fiduciary funds 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 or related cash flows. Property taxes are generally recognized as revenues in the fiscal year for which they are levied, except for advance amounts recognized in accordance with a statutory “tax shift.” 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:

Revenue Recognition – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered available if collected within 60 days after year-end. 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. Other revenue is considered available if collected within one year.

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.

Proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The District’s internal service fund is used to account for the revocable trust fund established to provide funds needed for future OPEB obligations for employees and retirees.

As a general rule, the effect of interfund activity has been eliminated from the district-wide statements.

Description of Funds

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

Major Governmental Funds

General Fund – Accounts for all financial resources and transactions except those required to be accounted for in other funds including pupil transportation and capital outlay activities, which were previously (prior to July 1, 1996) accounted for in separate special revenue funds.

Debt Service Fund – Accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs other than OPEB bonds.

Building Construction Fund – Accounts for financial resources used in the acquisition and construction of major capital facilities.

Nonmajor Governmental Funds

Special Revenue Funds – Accounts for proceeds of specific revenue sources (other than permanent fund and major capital projects) that are legally restricted to expenditures for specified purposes. The District's special revenue funds and its purpose is as follows:

> Food Service – Accounts for all activities associated with the preparation and serving of regular and incidental meals, lunches, or snacks in connection with school activities.
>
> Community Service – Accounts for all resources designated for programs other than those for elementary and secondary students.

Postemployment Benefits Debt Service Fund – Accounts for resources set aside and held in a revocable trust arrangement for postemployment benefits. District contributions to this fund must be expensed to an operating fund.

Fiduciary Funds

OPEB Irrevocable Benefit Trust Fund – Accounts for resources set aside and held in an irrevocable trust arrangement for postemployment benefits.

Scholarship Fund – Accounts for money held by the District in the capacity of trustee for others. This fund is used for the activity of a scholarship program.

E. Specific Account Information

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

Investments are carried at fair value. The District considers certificates of deposit to be cash.

When fair value measurements are required, various data is used in determining those values. Assets and liabilities that are carried at fair value must be classified and disclosed in the following levels based on the nature of the data used.

Level 1: Quoted market prices in active markets for identical assets or liabilities
Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data
Level 3: Unobservable market inputs that are not corroborated by market data

Taxes Receivable – Taxes receivable represents taxes levied in 2023 which are not payable until 2024, net of the amount received prior to June 30.

Property Taxes – Property tax levies are certified to the County Auditor in December of each year for collection from taxpayers in May and October of the following year. In Minnesota, counties act as collection agents for all property taxes. The county spreads all levies over taxable property. Such taxes become a lien on property on the following January 1. The county generally remits taxes to the District at periodic intervals as the taxes are collected.

A portion of property taxes levied is paid by the State of Minnesota through various tax credits, which are included in revenue from state sources in the financial statements.

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as unavailable revenue (property taxes levied for subsequent years).

The majority of the revenue in the general fund is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated 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.” This amount is recorded as advance of unearned aid.

Taxes which remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is deferred in the fund based financial statements because it is not known to be available to finance the operations of the District in the current year.

<u>Accounts Receivable</u> – Accounts receivable are shown net of any allowance for uncollectible amounts. No allowances for amounts uncollectible have been recorded. The only receivables not expected to be collected within one year are delinquent property taxes receivable.

<u>Inventory</u> – Inventory is recorded using the consumption method of accounting and consists of fuel oil, 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. Surplus commodities are stated at standardized costs, as determined by the Department of Agriculture.

<u>Capital Assets</u> – 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 acquisition value at the date of donation. The District maintains a threshold level of $5,000 or more for capitalizing capital assets. Expenditures for major additions and improvements that extend the useful lives of property and equipment are capitalized. Routine expenditures for repairs and maintenance are charged to expense as incurred.

Capital assets are recorded in the district-wide financial statements, 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 purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 20 years for equipment.

Capital assets not being depreciated include land and construction in process, if any.

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

<u>Leases</u> – The determination of whether an arrangement contains a lease is made at inception by evaluating whether the arrangement conveys the right to use an identified asset and whether the District has control of the

right to use asset. Control includes the right to obtain present service capacity and the right to determine the nature and manner of use of the underlying asset, as specified in the contract.

Leases with an initial lease term of more than 12 months, or that contain an option to purchase that the District is reasonably certain to exercise, are recognized based on the present value of lease payments over the lease term discounted using the interest rate implicit in the lease. In cases where the implicit rate is not readily determinable, the District uses its incremental borrowing rate based on the information available at the lease commencement date. The District has made an accounting policy election to use a risk free rate based on US Treasury T-bill rate as of the lease commencement. The District accounts for lease agreements with lease and non-lease components together as a single lease component for all underlying classes of assets.

The District continues to record rent expense for short term leases on a straight-line basis over the lease term. Short term leases have a term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the District is reasonable certain to exercise.

The amortizable life of assets and leasehold improvements are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise.

The District's lease agreements do not include any material residual value guarantees or restrictive covenants.

The District is a lessor for a noncancellable lease of a building. The District recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term.

Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases. The District has made an accounting policy election to use a risk free rate based on US Treasury T-bill rate as of the lease commencement.

- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

<u>Vacation Payable</u> – It is the District's policy to permit employees to accumulate earned but unused vacation. All vacation pay is accrued when incurred in the district-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations – In the district-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 in the future, bond premiums and discounts will be deferred and amortized over the life of the bonds using the effective interest method. Bonds payable will be reported net of the applicable bond premium or discount. Bond issuance costs will be expensed in the period incurred.

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.

Other Postemployment Benefits (OPEB) – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Retiree Benefit Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of the purchase of one year or less, which are reported as cost. Postemployment healthcare expenditures have been funded through contributions to an irrevocable trust and on a pay as you go basis in the future.

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 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. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the State of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association (DTRFA) in 2015.

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 resource (expense/expenditure) until then. The District has two items that qualify for reporting in this category named *Cost Sharing Defined Benefit Pension Plan* and *Other Postemployment Benefits* which represents actuarial differences within PERA and TRA pension plans as well as amounts paid to the plans after the measurement date.

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*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three types of items, one of which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue – delinquent taxes*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental funds report unavailable revenues from one source, lease revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The item, *property taxes levied – subs. years,* is reported as a deferred inflow of resources for both the Balance Sheet – Governmental Funds and the Statement of Net Position as these amounts represent property tax revenue levied for a subsequent period. The third and fourth items, *Cost Sharing Defined Benefit Pension Plan*, and *Other Postemployment Benefits*, represents actuarial differences within PERA and TRA pension plans and other postemployment benefits.

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

Net Position Flow Assumption – Sometimes the government will fund outlays for a particular purpose for both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance – The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable – Consists of amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

Restricted – Consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions and administered by the Minnesota Department of Education.

Committed – Consists of amounts constrained to specific purposes by a government itself, using its highest level of decision making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Assigned – Consists of amounts a government intends to use for a specific purpose. These constraints are established by the Board of Education and/or management. The Board of Education delegates the authority to assign fund balances to the superintendent.

Unassigned – Consists of amounts that are available for any purpose; positive amounts are reported only in the general fund.

When both restricted and unrestricted resources are available for use, it is the District's policy to first use restricted resources, and then use unrestricted resources as they are needed. When committed, assigned or unassigned resources are available for use, it is the District's policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

The District has a minimum fund balance policy. The goal is to maintain a minimum of 15 percent or a maximum of 25 percent of the prior fiscal year's expenditures.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the 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. Ultimate results could differ from those estimates.

NOTE 2 CORRECTION OF AN ERROR

During fiscal year 2024, the District determined that construction project expenses in the prior year did not include retainage. Therefore, capital assets, net of depreciation, were understated by $2,053,592 for the fiscal year ended June 30, 2023. In addition, the District had overstated accounts payable in the prior year by $242,948. In the governmental activities the District had not recorded severance payable in fiscal year ending June 30, 2023 for $671,289.

Adjustments to and Restatements of Beginning Balances

During fiscal year 2024, an error correction resulted in adjustments to and restatements of beginning net position and fund net position, as follows:

	Governmental Activities	General Fund
Fund Balances - Beginning, as previously reported	$ 34,917,935	$ 18,755,510
Error Correction	(2,481,933)	(1,810,644)
Fund Balances - Beginning, as restated	$ 32,436,002	$ 16,944,866

NOTE 3 DEPOSITS AND INVESTMENTS

The District maintains a cash account at its depository bank. Investments are carried at fair value. The District considers certificates of deposit to be cash.

The District's interest income for the year ended June 30, 2024, was $721,117.

The pooled cash and investment accounts are comprised of the following:

	Governmental Activities	Fiduciary Funds	Total
Cash	$ 6,750,706	$	$ 6,750,706
Investments	5,421,864	12,768,760	18,190,624
Total	$ 12,172,570	$ 12,768,760	$ 24,941,330

As of June 30, 2024, the District had the following investments:

		Investment Maturities (in Years)				Credit	Rating
Investments	Fair Value	< 1	1 - 5	6-10	> 10	Rating	Agency
MN School District Liquid Asset Fund	$ 341,761	$ 341,761	$	$	$	N/A	N/A
MN Trust	10,804,542	10,804,542				N/A	N/A
US Treasury Securities	1,853,022	1,853,022				N/A	N/A
Guaranteed Investment Contract	5,191,299	5,191,299				N/A	N/A
Total Investments by Fair Value	$ 18,190,624	$ 18,190,624	$	$	$		

Investments	Fair Value Level 1	Fair Value Level 2	Total
MN School District Liquid Asset Fund	$ 341,761	$	$ 341,761
MN Trust	10,804,542		10,804,542
US Treasury Securities	1,853,022		1,853,022
Guaranteed Investment Contract		5,191,299	5,191,299
Total Investments by Fair Value	$ 12,999,325	$ 5,191,299	$ 18,190,624

The Minnesota School District Liquid Asset Fund and the MN Trust are common law trusts organized and existing under the laws of the State of Minnesota, in accordance with the provisions of the Minnesota Joint Powers Act. The general objective of the Fund is to provide a high yield for the participants while maintaining liquidity and preserving capital by investing only in instruments authorized by Minnesota Statutes, which govern the temporary investment of school district monies. In addition, the fixed rate/fixed term portion of the program is also structured with safety of principal as the major objective.

The Minnesota School District Liquid Asset Fund and the MN Trust are external investment pools not registered with the Securities Exchange Commission (SEC) that follow the same regulatory rules of the SEC under 2a7. The fair value of the position is the same as the value of the pool shares.

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

Credit Risk - The District may invest idle funds as authorized in Minnesota Statutes, as follows:

(a) Direct obligations or obligations guaranteed or insured issued by the United States, its agencies, its instrumentalities, or organizations created by an act of Congress.
(b) General obligations and revenue obligations of any state or local government with taxing powers rated “A” and “AA”, respectively, and general obligations of the Minnesota Housing Finance Agency which is a moral obligation of the State of Minnesota and rated “A” or better.
(c) Commercial paper issued by United States corporations or their Canadian subsidiaries, rated in the highest quality by at least two rating agencies, and maturing in 270 days or less.
(d) Time deposits that are fully insured by the FDIC or bankers acceptances of U.S. banks.
(e) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above.
(f) Repurchase or reverse repurchase agreements with banks that are qualified as a “depository” of public funds of the government entity, any other financial institution which is a member 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.

(g) Guaranteed investment contracts (GIC's) issued or guaranteed by United States 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, or in the top three rating categories for long-term GIC's issued by Minnesota banks.

(h) Securities lending agreements with financial institutions having its principal executive office in Minnesota and meeting the qualifications described in (f) above.

The Minnesota School District Liquid Asset Fund is rated AAAm by Standard & Poor's, while the MN Trust is rated Aaa by Moody's Investors Services.

<u>Concentration of Credit Risk</u> - The District places no limit on the amount the District may invest in any one issuer.

<u>Custodial Credit Risk - Deposits</u> - The District does not have a policy for custodial credit risk. In accordance with Minnesota Statutes, the District maintains deposits at those depository banks authorized by the District's board, all of which are members of the Federal Reserve System. Minnesota Statutes require that all district deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds. As of June 30, 2024, the District was not exposed to custodial credit risk.

<u>Custodial Credit Risk - Investments</u> – None of the District's investments are subject to the credit risk classifications as noted in paragraph 9 of GASB Statement 40.

NOTE 4 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	$ 2,769,299	$	$	$ 2,769,299
Construction in Process	170,941,888	26,324,117	152,286,507	44,979,498
Total Capital Assets, Not Being Depreciated	173,711,187	26,324,117	152,286,507	47,748,797
Capital Assets, Being Depreciated:				
Land Improvements	2,180,321	9,090,940	923,499	10,347,762
Buildings	60,772,007	147,678,732	33,633,199	174,817,540
Equipment	5,488,340	1,009,285	502,817	5,994,808
Total Capital Assets, Being Depreciated	68,440,668	157,778,957	35,059,515	191,160,110
Less Accumulated Depreciation For:				
Land Improvements	1,359,798	280,431	812,351	827,878
Buildings	34,086,008	2,353,661	22,013,486	14,426,183
Equipment	3,773,152	361,670	432,730	3,702,092
Total Accumulated Depreciation	39,218,958	2,995,762	23,258,567	18,956,153
Total Capital Assets, Being Depreciated, Net	29,221,710	154,783,195	11,800,948	172,203,957
Governmental Activities Capital Assets, Net	$ 202,932,897	$ 181,107,312	$ 164,087,455	$ 219,952,754

In the statement of activities, depreciation expense was charged to the following governmental functions:

Elementary & Secondary Regular Instruction	$ 44,230
Instructional Support Services	18,643
Pupil Support Services	218,823
Sites and Buildings	103,174
	384,870
Unallocated	2,610,892
Total Depreciation Expense	$ 2,995,762

NOTE 5 LEASE RECEIVABLE

The District, acting as lessor, leases a building under a long-term, cancellable lease agreement. The lease carries a discount rate of 5.00% expiring June 30, 2025. During 2024, the District recognized lease revenue of $254,238 and interest revenue of $14,792, pursuant to the contract.

The future minimum lease payments to be received under the lease agreements:

	Long-Term Lease Receivable	
Year-Ending June 30	Principal	Interest
2025	$ 269,296	$ 8,483

NOTE 6 DEFINED BENEFIT PENSION PLANS - STATEWIDE

Substantially, all employees of the District are required by state law to belong to pension plans administered by Teachers Retirement Association (TRA) or Public Employees Retirement Association (PERA), all of which are administered on a statewide basis.

Disclosures relating to these plans follow:

A. Public Employees Retirement Association

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

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

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

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

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

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

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024 and the District was required to contribute 7.50 percent for Coordinated Plan members. The District’s contributions to the General Employees Fund for the year ended June 30, 2024, were $478,918. The District’s contributions were equal to the required contributions for each year as set by state statute.

Pension Costs – At June 30, 2024, the District reported a liability of $4,372,856 for its proportionate share of the General Employees Fund’s net pension liability. The District’s net pension liability reflected a reduction due to the State of Minnesota’s contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the state’s contribution meets the definition of a special funding situation. The State of Minnesota’s proportionate share of the net pension liability associated with the District totaled $120,611.

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportionate share of the net pension liability was based on the District’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA’s participating employers. The District’s proportionate share was 0.0782% at the end of the measurement period and 0.0816% for the beginning of the period.

District's proportionate share of net pension liability	$	4,372,856
State of Minnesota's proportionate share of the net pension liability associated with the District		120,611
Total	$	4,493,467

For the year ended June 30, 2024, the District recognized pension expense of $589,199 for its proportionate share of the General Employee Plan’s pension expense. In addition, the District recognized $542 as grant revenue for its proportionate share of the State of Minnesota’s pension expense for the annual $16 million contribution.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 145,107	$ 30,317
Difference between projected and actual investment earnings		93,173
Changes in actuarial assumptions	713,478	1,198,563
Changes in proportion	443,268	602,154
Contributions paid to PERA subsequent to the measurement date	478,918	
Total	$ 1,780,771	$ 1,924,207

The $478,918 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Pension Expense Amount
2025	$ 51,339
2026	(654,029)
2027	75,102
2028	(94,766)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.50%	5.10%
Private Markets	25.00%	5.90%
Fixed Income	25.00%	0.75%
International Equity	16.50%	5.30%

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

Inflation is assumed to be 2.25 percent. Benefit increases after retirement are assumed to be 1.25 percent.

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

Mortality rates are based on the Pub-2010 General Employee Mortality Table.

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

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

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.0 percent.

Changes in Plan Provisions:

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

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

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

Sensitivity Analysis - NPL at Different Discount Rates		
1% Decrease (6.0%)	Current (7.0%)	1% Increase (8.0%)
$ 7,735,934	$ 4,372,856	$ 1,606,597

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

B. Teachers Retirement Association

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

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

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

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

Tier I Benefits:

Tier I	Step Rate Formula	Percentage
Basic	1st ten years of service	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 a Rule of 90 (age plus allowable service equals 90 or more).

or

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

Tier II Benefits:

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

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

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

Contribution Rate - Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal years ended June 30, 2022, June 30, 2023 and June 30, 2024, were:

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

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

	in thousands
Employer contributions reported in TRA's ACFR Statement of Changes in Fiduciary Net Position	$ 508,764
Employer contributions not related to future contribution efforts	(87)
TRA's contributions not included in allocation	(643)
Total employer contributions	508,034
Total non-employer contributions	35,587
Total contributions reported in *Schedule of Employer and Non-Employer Allocations*	$ 543,621

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

Actuarial Assumptions - The total pension liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information

Valuation Date	July 1, 2023
Measurement Date	June 30, 2023
Experience Study	June 28, 2019 (demographic and economic assumptions)
Actuarial Cost Method	Entry Age Normal

Actuarial Assumptions:

Investment Rate of Return	7.00%
Price Inflation	2.50%
Wage Growth Rate	2.85% before July 1, 2028 and 3.25% after June 30, 2028
Projected Salary Increase	2.85% to 8.85% before July 1, 2028 and 3.25% to 9.25% after June 30, 2028
Cost of Living Adjustment	1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

Mortality Assumption

Pre-retirement	RP-2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP-2015 scale.
Post-retirement	RP-2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
Post-disability	RP-2014 disabled retiree mortality table, without adjustment.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Geometric Mean)
Domestic Equity	33.50%	5.10%
International Equity	16.50%	5.30%
Private Markets	25.00%	5.90%
Fixed Income	25.00%	0.75%

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2023 is 6 years. The “Difference Between Expected and Actual Experience” and “Changes of Assumptions” and “Changes in Proportion” use the amortization period of 6 years in the schedule presented.

The amortization period for "Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments" is 5 years as required by GASB 68.

Changes in actuarial assumptions since the 2022 valuation:

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

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

The 2024 Omnibus Pensions and Retirement Bill:

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

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

Net Pension Liability - On June 30, 2024, the District reported a liability of $18,163,693 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. District proportionate share was 0.2200% at the end of the measurement period and 0.2179% for the beginning of the year.

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

District's proportionate share of net pension liability	$	18,163,693
State's proportionate share of the net pension liability associated with the District		1,272,283

For the year ended June 30, 2024, the District recognized pension expense of $(718,905). It also recognized $179,147 as an increase to pension expense for the support provided by direct aid.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 203,948	$ 256,649
Net difference between projected and actual earnings on plan inv.	498,988	
Changes in actuarial assumptions	1,852,998	
Changes in proportion	1,597,599	2,534,126
Contributions paid to TRA subsequent to the measurement date	1,215,163	
Total	$ 5,368,696	$ 2,790,775

$1,215,163 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to TRA pensions will be recognized in pension expense as follows:

Year Ending June 30	Pension Expense Amount
2025	$ 223,306
2026	(184,379)
2027	1,336,710
2028	(8,159)
2029	(4,720)

Pension Liability Sensitivity - The following presents the net pension liability calculated using the discount rate of 7.00 percent as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage higher (8.00 percent) than the current rate.

Sensitivity Analysis - NPL at Different Discount Rates		
1% Decrease (6.0%)	Current (7.0%)	1% Increase (8.0%)
$ 28,969,754	$ 18,163,693	$ 9,317,616

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

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

The District recognized total pension expense of $(129,706) for all of the pension plans in which it participates.

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS

Plan Description - The District's Plan is a single-employer defined benefit healthcare plan to eligible retirees and their spouses. The authority and requirement to provide these benefits is established in Minnesota Statutes Section 471.61, Subd. 2b. The benefit levels, employee contributions, and employer contributions are governed by the District and can be amended by the District through the District's collective bargaining agreements with employee groups. The District has established a Postemployment Benefits Revocable Trust (Trust) to account for the accumulation plan assets available to pay for current and future postemployment health care costs. The Trust does not issue a standalone financial report, but is included in this report of the District.

Benefits Provided – The District provides healthcare benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of the benefits is covered by the plan.

Funding Policy - Retirees and their spouses contribute to the healthcare plan at the same rate as District employees. Since the premium is a blended rate determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. The District provides postemployment healthcare benefits to qualifying retirees.

Employees Covered by Benefit Term – At June 30, 2024, the following employees were covered by the benefit terms:

Active employees electing coverage	155
Active employees waiving coverage	66
Retirees electing coverage	125
Total Members	346

Total OPEB Liability – The District's net OPEB liability of $(5,997,097) was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2024.

Actuarial Assumptions – The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5 percent
Healthcare Cost Trend Rates	7.6 percent, gradually decreasing over several decades to an ultimate rate of 3.9 percent in 2076 and later years.

The discount rate is based on the estimated yield of 20-year AA-rated municipal bonds. The overall single discount rate is 3.5%.

In the June 30, 2024 actuarial valuation, the entry age, level percentage of pay actuarial cost method was used.

Changes in the Net OPEB Liability:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at Beginning of Year	$ 8,033,413	$ 12,657,335	$ (4,623,922)
Changes for the year:			
Service Cost	15,014		15,014
Interest Cost	154,535		154,535
Assumption Changes	(1,364,189)		(1,364,189)
Employer Contributions		52,434	(52,434)
Projected Investment Return		522,598	(522,598)
Differences between Expected and Actual Experience	395,997		395,997
Benefit Payments	(643,363)	(643,363)	
Administrative Expenses		(500)	500
Net changes	(1,442,006)	(68,831)	(1,373,175)
Balances at End of Year	$ 6,591,407	$ 12,588,504	$ (5,997,097)

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 (2.50 percent) or one percentage point higher (4.50 percent) than the current rate:

District Total OPEB Liability		
1% Decrease (2.50%)	Current (3.50%)	1% Increase (4.50%)
$ (5,400,394)	$ (5,997,097)	$ (6,512,869)

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 (6.6 percent decreasing to 2.9 percent) or one percentage point higher (8.6 percent decreasing to 4.9 percent) than the current healthcare cost trend rates:

District Healthcare Cost Trend Rates		
(6.6% decreasing to 2.9%)	(7.6% decreasing to 3.9%)	(8.6% decreasing to 4.9%)
$ (6,502,843)	$ (5,997,097)	$ (5,423,891)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2024, the District recognized OPEB expense of $(278,925). At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 395,185	$
Net Investment Income - Asset Gain (Loss)		272,857
Changes in assumptions		1,156,233
Total	$ 395,185	$ 1,429,090

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

Year Ending June 30	OPEB Expense Amount
2025	$ (201,677)
2026	(201,675)
2027	(218,037)
2028	(189,592)
2029	(140,278)
Thereafter	(82,646)

NOTE 8 LONG-TERM LIABILITIES

Changes in the District's long-term liabilities for the year ended June 30, 2024 are as follows:

Summary of Long-Term Debt

	Beginning Balance	Additions	Retired	Ending Balance	Due Within One Year
General Obligation Bonds Payable					
2017 Taxable OPEB Refunding Bonds	$ 5,625,000	$	$ 360,000	$ 5,265,000	$ 370,000
2017 Taxable OPEB Bonds	450,000		222,000	228,000	228,000
2019 School Building Bonds	123,400,000		4,970,000	118,430,000	5,220,000
2019A School Building Bonds	25,730,000		1,095,000	24,635,000	1,150,000
2023A GO School Building Bonds		13,570,000		13,570,000	
Unamortized Premium on Bonds	11,837,165	883,938	716,143	12,004,960	
Total Bonds	167,042,165	14,453,938	7,363,143	174,132,960	6,968,000
Financed Purchases		1,392,401		1,392,401	348,100
Severance Payable	671,289	40,907		712,196	
Total Long-Term Liabilities	$ 167,713,454	$ 15,887,246	$ 7,363,143	$ 176,237,557	$ 7,316,100

The District's interest expense for the year ended June 30, 2024 was $5,822,120.

Severance payable is generally liquidated by the general fund.

A. G.O. School Building Bond and OPEB Refunding Bond

Date of Issue	Interest Rate	Maturity Dates	Original Amount	Current Year Retired	Balance 6/30/24	Amounts Due in 2024-2025 Principal	Amounts Due in 2024-2025 Interest
2017	3.0 - 4.0	2036	$ 7,400,000	$ 360,000	$ 5,265,000	$ 370,000	$ 173,370
2017	3.0 - 4.0	2025	1,280,000	222,000	228,000	228,000	6,156
2019	3.0 - 5.0	2040	136,355,000	4,970,000	118,430,000	5,220,000	4,403,200
2019	3.0 - 5.0	2040	28,550,000	1,095,000	24,635,000	1,150,000	919,350
2023	4.0 - 5.0	2042	13,570,000		13,570,000		853,090
				$ 6,647,000	$ 162,128,000	$ 6,968,000	$ 6,355,166

Annual debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest
2025	$ 6,968,000	$ 5,502,076
2026	7,245,000	5,166,320
2027	7,555,000	4,823,170
2028	7,930,000	4,463,220
2029	8,425,000	4,085,220
2030-2034	49,270,000	14,628,575
2035-2039	58,720,000	6,650,350
2040-2042	16,015,000	348,000
	$ 162,128,000	$ 45,666,931

B. Financed Purchase

In FY24, the District entered into a financed purchase agreement to finance the purchase of Ipads.

The future obligations as of June 30, 2024, are as follows:

Year Ending June 30	Principal
2025	$ 348,100
2026	348,100
2027	348,100
2028	348,101
	$ 1,392,401

NOTE 9 SEVERANCE PAY

Upon retirement, most District employees are entitled to a severance amount based on accumulated unused sick leave, age, years of service and wage rate at the date of retirement, as established by contracts with bargaining units or other employee contracts. These contracts establish the terms and amounts each retiree is eligible to receive and establish when this severance benefit vests, all of which may differ between each bargaining unit and employee group. The severance amount is paid directly to the retiree's designated 403(b) or 401(a) account. The liability for this benefit at June 30, 2024 is $712,196.

NOTE 10 INTERFUND TRANSFERS

The composition of interfund balances as of June 30, 2024 are as follows:

Interfund Transfers:

Transfer In	Transfer Out	
Nonmajor Governmental Funds	General	$ 547,115
Debt Service	Building Construction	470,000
		$ 1,017,115

The purpose of the transfers are to cover the operating deficits in the community service fund and satisfy bond closing document requirements.

NOTE 11 CONTINGENCIES

The District receives significant financial assistance from numerous federal, state, and local governmental agencies in the form of grants and aids. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2024.

The District has construction commitments of approximately $2,240,000 as of June 30, 2024. This does not include retainage, which had been accrued in these financial statements.

NOTE 12 JOINT VENTURES

Northern St. Louis County Family Services Collaborative

The Northern St. Louis County Family Services Collaborative was established pursuant to Minn. Stat. section 124S.23. The Collaborative includes St. Louis County; several St. Louis County agencies; Arrowhead Economic Opportunity Agency; Arrowhead Regional Corrections; Range Mental Health; Bois Forte Reservation; Northland Special Education Cooperative; and Independent School District Nos. 695, 696, 698, 701, 707, 712, 2142, 2909, 2711, and 6076. The purpose of the Collaborative is to support partnerships, both regionally and locally, that promote and support healthy families. The Collaborative serves children and families by encouraging collaboration of integrated family centered services, which provide education, advocacy, and support.

Control of the Northern St. Louis County Family Services Collaborative is vested in a Board of Directors appointed by its members. Independent School District No. 2142 appoints two members on the Board; all other members appoint only one. Financing is provided by state and federal grants, appropriations from the Collaborative members, and miscellaneous revenues. Independent School District No. 2142 and St. Louis County are the fiscal agents for the Collaborative. The District receives funds from the Collaborative as reimbursement for eligible expenditures. Separate financial information can be obtained from Northern St. Louis County Family Services Collaborative, 1701 North 9th Avenue, Virginia, Minnesota 55792.

Joint Cable Television Access Board

The Joint Cable Television Access Board is a joint powers agreement between the City of Eveleth, Minnesota, the town of Fayal, Minnesota, and the District and is made pursuant to Minn. Stat. section 471.59. The general purpose of this agreement is to create a board to organize, manage, conduct, operate and facilitate community-oriented television programming on access channels set aside by cable operators for public, educational, and governmental use.

The joint board consisted of 7 members; three from the City and two members appointed by the other parties to the agreement. It is the primary responsibility of the City of Eveleth, Minnesota, and the Town of Fayal, Minnesota to adequately and properly fund the Board. The contribution of the District shall be in the form of in-kind services such as fiscal and bookkeeping services or oversight, organizational and supervisory services. The District shall be the fiscal agent for the Board with the value of its services being considered as part of its in-kind contribution.

If this joint powers agreement is terminated, all personal property equipment shall be utilized to pay off any existing or contingent liabilities with the remaining, if any, surplus monies or property to be returned to the remaining parties in a proportion commensurate with the member's representation on the board or as otherwise agreed upon by the members. Should a member decide to withdraw from this agreement, that member shall waive and forego any right or interest it shall have in and to the funds or personal property of the joint board.

The District, as the fiscal agent for the Board, accounts for the activities in a custodial fund. As of June 30, 2024, the Joint Cable Television Access Board has no assets or liabilities.

NOTE 13 RISK MANAGEMENT

The District's property and liability premiums and unemployment claims are paid by the General Fund. Worker's compensation premiums are paid by the General and Food Service Funds based on salaries. There were no significant reductions in insurance coverage from coverage in prior years and insurance settlements have not exceeded insurance coverage in any of the last three years.

The District purchases commercial insurance for property and liability, transferring the risk of loss to the insurance carrier.

The District participates in a risk pool for worker's compensation insurance. The pool in turn contracts with an insurance carrier, thereby transferring the risk from the pool members to the insurance carrier. The worker's compensation policy is retrospectively rated in that the initial premium is adjusted based on the actual experience during the coverage period of the group of entities that participate in the pool.

The District handles unemployment costs through a self-insurance plan. The District retains the risks associated with unemployment claims.

NOTE 14 NEW PRONOUNCEMENTS

GASB Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences through aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The statement is effective for fiscal years beginning after December 15, 2023.

GASB Statement No. 102, *Certain Risk Disclosures*, requires entities to disclose critical information about their exposure to risks due to certain concentrations or limitations that could lead to financial distress or operational challenges. This statement is effective for fiscal years beginning after June 15, 2024.

GASB Statement No. 103, *Financial Reporting Model Improvements*, revises the requirements for management's discussion and analysis with the goal of making it more readable and understandable, requires unusual or infrequent items to be presented separately, defines operating and nonoperating revenues, includes a new section for noncapital subsidies for proprietary funds' statement of revenues, expenses and changes in net position, removes the option to disclose major component information in the notes and requires them to be shown individually or in combine financial statements following the fund financial statements and requires budgetary comparisons to be presented as RSI with new columns for variances between original-to-final budget and final budget-to-actual results. This statement is effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note. These items include disclosing separately lease assets, intangible right-to-use assets, subscription assets and intangible assets. In addition, additional disclosures will be required for capital assets held for sale. This statement is effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

Management has not yet determined what effect these statements will have on the entity's financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
For the Year Ended June 30, 2024

	Original & Final Budgeted Amounts	Actual	Over (Under) Final Budget
REVENUES			
Local Property Tax Levies	$ 5,274,271	$ 5,845,036	$ 570,765
Other Local & County Revenues	1,387,100	9,365,476	7,978,376
Revenue From State Sources	27,953,036	27,495,856	(457,180)
Revenue From Federal Sources	3,372,409	3,111,413	(260,996)
TOTAL REVENUES	37,986,816	45,817,781	7,830,965
EXPENDITURES			
Current			
Administration	1,954,390	1,803,121	(151,269)
District Support Services	994,094	1,166,487	172,393
Elementary & Secondary Regular Instruction	16,282,589	15,980,302	(302,287)
Vocational Education Instruction	126,023	606,545	480,522
Special Education Instruction	5,257,552	5,757,066	499,514
Instructional Support Services	1,857,780	2,415,717	557,937
Pupil Support Services	3,395,241	3,602,781	207,540
Sites and Buildings	6,357,906	4,739,738	(1,618,168)
Fixed Costs	320,000	415,153	95,153
Capital Outlay	206,000	13,510,301	13,304,301
TOTAL EXPENDITURES	36,751,575	49,997,211	13,245,636
Revenues Over (Under) Expenditures	1,235,241	(4,179,430)	(5,414,671)
OTHER FINANCING SOURCES (USES)			
Debt Issued		1,392,401	1,392,401
Sale of Assets		64,638	64,638
Transfer Out		(547,115)	(547,115)
TOTAL OTHER FINANCING SOURCES (USES)		909,924	909,924
Net Change in Fund Balances	1,235,241	(3,269,506)	(4,504,747)
Fund Balances - Beginning	9,493,902	9,493,902	
Error Correction - See Note 2	238,608	238,608	
Fund Balances - Beginning, as restated	9,732,510	9,732,510	
Fund Balances - Ending	$ 10,967,751	$ 6,463,004	$ (4,504,747)

See Notes to the Required Supplementary Information.

INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
Last 10 Years

	2022	2023	2024
Total OPEB Liability			
Service Cost	$ 14,152	$ 14,577	$ 15,014
Interest	171,176	161,830	154,535
Assumption Changes			(1,364,189)
Differences Between Expected and Actual Experience		85,673	395,997
Benefit Payments	(694,932)	(611,163)	(643,363)
Net Change in Total OPEB Liability	(509,604)	(349,083)	(1,442,006)
Total OPEB Liability - Beginning	8,892,100	8,382,496	8,033,413
Total OPEB Liability Ending (a)	$ 8,382,496	$ 8,033,413	$ 6,591,407
Plan Fiduciary Net Position			
Contributions - Employer	$ 296,023	$ 30,760	$ 52,434
Projected Investment Return	175,631	393,397	522,598
Benefit Payments	(694,932)	(611,163)	(643,363)
Administrative Expenses	(500)	(500)	(500)
Net Change in Plan Fiduciary Net Position	(223,778)	(187,506)	(68,831)
Plan Fiduciary Net Position - Beginning	13,068,619	12,844,841	12,657,335
Plan Fiduciary Net Position - Ending (b)	$ 12,844,841	$ 12,657,335	$ 12,588,504
District's Net OPEB Liability (Asset) - Ending (a) - (b)	$ (4,462,345)	$ (4,623,922)	$ (5,997,097)
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	153.23%	157.56%	190.98%
Covered Payroll	$ 20,369,421	$ 20,596,999	$ 20,593,751
District's Net OPEB Liability as a Percentage of Covered Payroll	-21.91%	-22.45%	-29.12%

The schedule is intended to show a ten year trend. Information was not presented for the fiscal years ending June 30, 2021 and prior because ISD No. 2909 had not yet been formed and combining information from the most recent actuarial reports from ISD No. 706 and ISD No. 2154 was considered unsuitable comparative information.

See Notes to the Required Supplementary Information.

INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA
SCHEDULE OF DISTRICT CONTRIBUTIONS
Last 10 Years

Fiscal Year Ended June 30	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
PERA					
2015	$ 385,605	$ 385,605	$	$ 3,236,867	11.91 %
2016	413,379	413,379		3,439,720	12.02
2017	423,242	423,242		5,643,227	7.50
2018	426,044	426,044		5,680,587	7.50
2019	447,165	447,165		5,962,200	7.50
2020	449,904	449,904		5,998,720	7.50
2021	414,937	414,937		5,532,493	7.50
2022	456,719	456,719		6,089,587	7.50
2023	467,648	467,648		6,235,307	7.50
2024	478,918	478,918		6,385,551	7.50
TRA					
2015	$ 883,814	$ 883,814	$	$ 7,389,667	11.96 %
2016	899,102	899,102		7,608,533	11.82
2017	922,999	922,999		12,306,653	7.50
2018	930,343	930,343		12,404,573	7.50
2019	1,020,360	1,020,360		13,234,241	7.71
2020	1,058,460	1,058,460		13,364,394	7.92
2021	1,094,160	1,094,160		13,458,303	8.13
2022	1,163,682	1,163,682		13,953,022	8.34
2023	1,158,066	1,158,066		13,544,632	8.55
2024	1,215,164	1,215,164		13,887,579	8.75

The amounts presented for each fiscal year were determined as of the District's year end which is June 30th.

Information presented for the fiscal years ending June 30, 2020 and prior were completed by combining ISD #706 Virginia Schools and ISD # 2154 Eveleth-Gilbert Schools because ISD #2909 had not yet been formed.

See Notes to the Required Supplementary Information.

INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA
SCHEDULE OF DISTRICT SHARE OF NET PENSION LIABILITY
Last 10 Years

	Fiscal Year Ended June 30	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with the District (if Applicable)	Total	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
PERA								
	2014	0.0953 %	$ 4,476,717	$	$ 4,476,717	$ 4,871,486	91.90 %	78.75 %
	2015	0.0888	4,602,077		4,602,077	5,236,094	87.89	78.19
	2016	0.0887	7,202,000	94,000	7,296,000	5,511,720	130.67	68.90
	2017	0.0893	5,700,853	71,718	5,772,571	5,643,227	101.02	75.90
	2018	0.0845	4,687,713	153,639	4,841,352	5,680,586	82.52	79.53
	2019	0.0840	4,644,172	144,327	4,788,499	5,962,200	77.89	80.23
	2020	0.0833	4,994,216	153,881	5,148,097	5,148,097	97.01	79.06
	2021	0.0786	3,360,842	102,502	3,463,344	5,532,493	60.75	87.00
	2022	0.0816	6,462,747	189,486	6,652,233	6,089,587	106.13	76.67
	2023	0.0782	4,372,856	120,611	4,493,467	6,235,307	70.13	83.10
TRA								
	2014	0.2509 %	$ 11,561,291	$ 813,471	$ 12,374,762	$ 11,456,284	100.92 %	81.50 %
	2015	0.2312	14,302,006	1,753,879	16,055,885	11,784,168	121.37	76.80
	2016	0.2179	51,974,349	5,217,490	57,191,839	11,988,026	433.55	44.88
	2017	0.2282	45,552,859	4,402,404	49,955,263	12,306,653	370.15	51.57
	2018	0.2252	14,143,779	1,329,159	15,472,938	12,404,574	114.02	78.07
	2019	0.2300	14,660,248	1,297,624	15,957,872	13,604,800	107.76	78.21
	2020	0.2611	19,290,417	1,616,131	20,906,548	13,728,405	140.51	75.48
	2021	0.1925	8,424,375	710,041	9,134,416	11,512,325	73.18	86.63
	2022	0.2179	17,448,279	1,294,170	18,742,449	13,953,022	125.05	76.17
	2023	0.2200	18,163,693	1,272,283	19,435,976	13,544,632	134.10	76.42

The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability which is June 30 of the previous fiscal year.

Information presented for the fiscal years ending June 30, 2020 and prior were completed by combining ISD #706 Virginia Schools and ISD # 2154 Eveleth-Gilbert Schools because ISD #2909 had not yet been formed.

See Notes to the Required Supplementary Information.

NOTE 1 BUDGETARY DATA

Budgets are prepared for District funds on the same basis and using the same accounting practices as are used to account and prepare financial reports for the funds. 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. All appropriations lapse at year end. Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting is not utilized in the governmental funds of the District.

The budget is adopted through the passage of a resolution. Administration can authorize the transfer of budgeted amounts within any fund. Any revisions that alter the total expenditures of any fund must be approved by the governing board. The legal level of budgetary control is the fund level. The annual appropriated budget is not legally binding on the District unless the District has a deficit fund balance which exceeds 2.5% of expenditures.

NOTE 2 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2024, expenditures exceeded appropriations in the general fund by $13,245,636.

NOTE 3 DEFINED BENEFIT PLANS

PERA

2023 Changes
Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.0 percent.

Changes in Plan Provisions:

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

TRA

<u>Changes in actuarial assumptions since the 2022 valuation:</u>
The 2023 Tax Finance and Policy Bill, effective July 1, 2025:

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

The 2024 Omnibus Pensions and Retirement Bill:

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

NOTE 4 OTHER POSTEMPLOYMENT BENEFITS

Plan Changes:

- Retiree premiums were updated to current levels.

Assumption Changes:

- The discount rate was changed from 2.0% to 3.5% based on updated investment return assumptions, 20-year municipal bond rates, and updated asset sufficiency projections.
- The long-term investment return assumption was changed from 2.0% to 3.5% based on updated capital market assumptions.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims were updated to reflect recent experience.
- Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the 7/1/2021 PERA General Employees Plan and 7/1/2021 Teachers Retirement Association valuations to the rates used in the 2023 experience studies.

Method Changes: None

INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

	Special Revenue Funds			
	Food Service Fund	Community Service Fund	Postemployment Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and Investments	$ 755,310	$ 330,835	$ 626,551	$ 1,712,696
Current Property Taxes Receivable			350,951	350,951
Delinquent Property Taxes Receivable			16,058	16,058
Accounts Receivable	6,369	17,059		23,428
Due From Department of Education	21,089	25,080	11,186	57,355
Inventory	26,968			26,968
TOTAL ASSETS	$ 809,736	$ 372,974	$ 1,004,746	$ 2,187,456
LIABILITIES				
Accounts Payable	$ 185,584	$ 14,241	$	$ 199,825
Salaries Payable		27,821		27,821
Due To Other MN Districts		3,452		3,452
TOTAL LIABILITIES	185,584	45,514		231,098
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Delinquent Taxes			16,058	16,058
Property Taxes Levied - Subs. Years			696,716	696,716
TOTAL DEFERRED INFLOWS OF RESOURCES			712,774	712,774
FUND BALANCES				
Fund Balance:				
Nonspendable: Inventory	26,968			26,968
Restricted for Food Service	597,184			597,184
Restricted for Community Education		327,520		327,520
Restricted for OPEB Debt Service			291,972	291,972
Unassigned		(60)		(60)
TOTAL FUND BALANCES	624,152	327,460	291,972	1,243,584
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 809,736	$ 372,974	$ 1,004,746	$ 2,187,456

INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	Special Revenue Funds			
	Food Service Fund	Community Service Fund	Postemployment Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES				
Local Property Tax Levies	$	$ 232,184	$ 763,575	$ 995,759
Other Local & County Revenues	247,475	368,262		615,737
Revenue From State Sources	819,949	260,792	111,864	1,192,605
Revenue From Federal Sources	902,832			902,832
TOTAL REVENUES	1,970,256	861,238	875,439	3,706,933
EXPENDITURES				
Current				
Community Education and Services		1,272,364		1,272,364
Pupil Support Services	1,699,644			1,699,644
Debt Service				
Principal			582,000	582,000
Interest and Fees			104,660	104,660
TOTAL EXPENDITURES	1,699,644	1,272,364	686,660	3,658,668
Revenues Over (Under) Expenditures	270,612	(411,126)	188,779	48,265
OTHER FINANCING SOURCES				
Transfer In		547,115		547,115
TOTAL OTHER FINANCING SOURCES		547,115		547,115
Net Change in Fund Balances	270,612	135,989	188,779	595,380
Fund Balances - Beginning	353,540	191,471	103,193	648,204
Fund Balances - Ending	$ 624,152	$ 327,460	$ 291,972	$ 1,243,584

INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA
SCHEDULE OF CHANGES IN FUND BALANCES
For the Year Ended June 30, 2024

	Balance Beginning of Year	Revenues	Expenditures	Prior Period Adjustment	Transfers	Debt Issued	Sale of Assets	Balance End of Year	Reclassify	Financial Statement Balance End of Year
Governmental Funds										
General Fund										
Nonspendable	$ 8,739	$	$	$	$ (697)	$	$	$ 8,042	$	$ 8,042
Restricted for:										
Student Activity	67,653	28,465	25,692					70,426		70,426
Staff Development	275,740	365,800	369,507					272,033		272,033
Literacy Incentive Aid		115,531	64,243					51,288		51,288
Taconite Building Maintenance	1,178,238	483,705						1,661,943		1,661,943
American Indian Ed Aid		105,616	84,660					20,956		20,956
Operating Capital	583,346	627,651	2,307,812			1,392,401		295,586		295,586
Learning and Development		497,298	359,558		(137,740)					
Basic Skills Extended Time	106,087				(106,087)					
Gifted and Talented	5,965	33,310	173,663		137,740			3,352		3,352
English Learner		476						476		476
Basic Skills Programs		1,680,659	1,680,659		106,087			106,087		106,087
School Library Aid		41,048	20,575					20,473		20,473
Safe Schools	31,126	88,131	88,131					31,126		31,126
LTFM	3,313,474	963,127	4,444,881	(4,340)				(172,620)	172,620	
Public Access	33,364	49,170	42,241					40,293		40,293
Student Support Personnel		40,000						40,000		40,000
Medical Assistance		155,842						155,842		155,842
Committed	2,500,000				(2,500,000)					
Unassigned	1,390,170	40,541,952	40,335,589	242,948	1,953,582		64,638	3,857,701	(172,620)	3,685,081
Food Service Fund										
Nonspendable	32,893				(5,925)			26,968		26,968
Restricted: Food Service	320,647	1,970,256	1,699,644		5,925			597,184		597,184
Community Service Fund										
Restricted for:										
$25 Taconite		63,025	63,025							
Community Education	184,272	468,192	324,944					327,520		327,520
ECFE	(5,017)	118,124	202,981		89,874					
School Readiness	(3)	103,997	561,235		457,241					
Community Service	12,219	107,900	120,179		60					
Unassigned					(60)			(60)		(60)
Building Construction Fund										
Restricted: Building Construction	7,744,154	613,780	18,913,397	(2,049,252)	(470,000)	14,453,938		1,379,223		1,379,223
Debt Service Fund										
Restricted: Debt Service	869,250	12,150,412	11,784,310		470,000			1,705,352		1,705,352
OPEB Debt Service Fund										
Restricted: OPEB Debt Service	103,193	875,439	686,660					291,972		291,972
Fiduciary Fund										
OPEB Irrevocable Trust	12,657,335	522,598	591,429					12,588,504		12,588,504
Scholarship Fund	184,852	2,804	7,400					180,256		180,256

BradyMartz

INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

To the Board of Education
Independent School District No. 2909
Rock Ridge Schools
Virginia, Minnesota

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 2909 as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 6, 2025.

Legal Compliance

In connection with our audit, nothing came to our attention that caused us to believe that Independent School District No. 2909 failed to comply with 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 the Report

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

Brady Martz

BRADY, MARTZ & ASSOCIATES, P.C.
THIEF RIVER FALLS, MINNESOTA

January 6, 2025

BradyMartz

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

To the Board of Education
Independent School District No. 2909
Rock Ridge Schools
Virgina, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 2909, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 6, 2025.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2024-001, 2024-002, 2024-003, and 2024-004 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

The District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and corrective action plan. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

Brady Martz

BRADY, MARTZ & ASSOCIATES, P.C.
THIEF RIVER FALLS, MINNESOTA

January 6, 2025

2024-001 FINDING

Criteria
A proper system of internal control has proper segregation of duties between authorization, custody, record keeping and reconciliation.

Condition
There is not a system in place for accounting duties to be properly segregated between authorization, custody, record keepings and reconciliation.

Cause
The District is subject to size and budget constraints limiting the number of personnel within the accounting department.

Effect
The design of internal control over financial reporting could adversely affect the ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Recommendation
We recommend the District review their internal controls over the accounting functions to determine if additional procedures can be implemented that are cost effective. The board should constantly be aware of this condition. Compensating controls that mitigate the related risks are provided through appropriate oversight of the performance of these functions and review of the financial reports by individuals with knowledge of current operations and accounting principles.

Views of Responsible Officials and Planned Corrective Actions
The District agrees with the recommendation and will review on an annual basis.

2024-002 FINDING

Criteria
An appropriate system of internal controls requires the District to prepare financial statements in compliance with accounting principles generally accepted in the United States of America.

Condition
The District's personnel prepare periodic financial information for internal use that meets the needs of management and the Board of Education. However, the District currently does not prepare financial statements, including accompanying note disclosures, as required by accounting principles generally accepted in the United States of America. The District has elected to have the auditors assist in the preparation of the financial statements and notes.

Cause
The District elected to not allocate resources for the preparation of the financial statements.

Effect
There is an increased risk of material misstatement to the District's financial statements.

Recommendation
We recommend the District consider the additional risk of having the auditors assist in the preparation of the financial statements and note disclosures and consider preparing them in the future. As a compensating control, the entity should establish an internal control policy to document the annual review of the financial statements and schedules and to review a financial statement disclosure checklist.

Views of Responsible Officials and Planned Corrective Actions
The District agrees with the recommendation and will review on an annual basis.

2024-003 FINDING

Criteria
An appropriate system of internal controls requires the District to maintain accounting records to support amounts in the general ledger.

Condition
The District's bank reconciliation did not agree with the general ledger balances. The District's subsidiary records did not support the general ledger balances in the following accounts: accounts payable, salaries payable, and due from other MN districts.

Cause
Oversight.

Effect
The potential exists that material differences could be present in the financial statements.

Recommendation
A review and reconciliation of the general ledger balances should take place monthly. This review should be done at both the accounting staff and accounting supervisor levels.

Views of Responsible Officials and Planned Corrective Actions
The District agrees with the recommendation and will implement immediately.

2024-004 FINDING

Criteria
An appropriate system of internal accounting controls contemplates an adequate system for recording, processing, and approving entries material to the financial statements.

Condition
During the course of our engagement, we noted an excessive amount of adjusting journal entries in the general ledger during fiscal year 2024. The District does not have controls in place to review and approve journal entries.

Cause
The District does not have procedures in place to ensure all adjusting entries are adequately supported and approved.

Effect
There is an increased risk of loss of assets, potential liabilities, and damage to the District's reputation, whether due to error or fraud.

Recommendation
We recommend the District implement procedures to ensure the number of adjusting journal entries recorded is minimized, all journal entries are supported and approved.

Views of Responsible Officials and Planned Corrective Actions
The District agrees with the recommendation and will implement immediately.

INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA
CORRECTIVE ACTION PLAN
June 30, 2024

2024-001 FINDING

Contact Person – Dr. Noel Schmidt, Superintendent

Corrective Action Plan – The District has the following procedures to mitigate risk:

1) Board approves checks.

When it becomes economically feasible, the District will hire additional personnel in the accounting department to improve segregation of duties.

Completion Date – Ongoing

2024-002 FINDING

Contact Person – Dr. Noel Schmidt, Superintendent

Corrective Action Plan – Will establish policy to document review of financial statements and notes.

Completion Date – Ongoing

2024-003 FINDING

Contact Person – Dr. Noel Schmidt, Superintendent

Corrective Action Plan – The District will get supporting documentation for the balance sheet accounts.

Completion Date - Immediately

2024-004 FINDING

Contact Person – Dr. Noel Schmidt, Superintendent

Corrective Action Plan – Will establish policy to minimize the number of adjusting journal entries recorded, and to support and approve all journal entries.

Completion Date - Immediately

INDEPENDENT SCHOOL DISTRICT NO. 2909
ROCK RIDGE SCHOOLS, MINNESOTA
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS COMPLIANCE TABLE
June 30, 2024

District Name: INDEPENDENT SCHOOL DISTRICT NO. 2909 **District Number:** 2909

	Audit	UFARS	Variance
01 GENERAL FUND			
Total Revenue	45,817,781	45,817,781	
Total Expenditures	49,997,211	49,997,211	
Non Spendable			
460 Non Spendable Fund Balance	8,042	8,043	(1)
Restricted/Reserved:			
401 Student Activity	70,426	70,427	(1)
402 Scholarship			
403 Staff Development	272,033	272,032	1
407 Capital Projects Levy			
408 Cooperative Revenue			
412 Literacy Incentive Aid	51,288	51,288	
414 Operating Debt			
416 Levy Reduction			
417 Taconite Building Maintenance	1,661,943	1,661,943	
420 American Indian Ed Aid	20,956	20,955	1
424 Operating Capital	295,586	295,586	
426 $25 Taconite			
427 Disabled Accessibility			
428 Learning & Development			
434 Area Learning Center			
435 Contracted Alt Programs			
436 State Approved Alt Program			
438 Gifted & Talented	3,352	3,353	(1)
439 English Learner	476	476	
440 Teacher Development and Eval			
441 Basic Skills Programs	106,087	106,087	
443 School Library Aid	20,473	20,473	
448 Achievement and Integration			
449 Safe Schools Levy	31,126	31,126	
451 QZAB Payments			
452 OPEB Liab Not In Trust			
453 Unfunded Sev & Retiremt Levy			
459 Basic Skills Ext Time			
467 LTFM	(172,620)	(172,619)	(1)
471 Student Support Personnel	40,000	40,000	
472 Medical Assistance	155,842	155,842	
Restricted			
464 Restricted Fund Balance	40,293	40,293	
475 Title VII - Impact Aid			
476 PILT			
Committed			
418 Committed for Separation			
461 Committed			
Assigned			
462 Assigned Fund Balance			
Unassigned:			
422 Unassigned Fund Balance	3,857,701	3,857,698	3
Reconciliation of General	102,277,996	102,277,995	1
02 FOOD SERVICE			
Total Revenue	1,970,256	1,970,255	1
Total Expenditures	1,699,644	1,699,644	
Non Spendable			
460 Non Spendable Fund Balance	26,968	26,968	
Restricted/Reserved:			
452 OPEB Liab Not In Trust			
Restricted			
464 Restricted Fund Balance	597,184	597,183	1
Unassigned			
463 Unassigned Fund Balance			
Reconciliation of Food Service	4,294,052	4,294,050	2
04 COMMUNITY SERVICE			
Total Revenue	861,238	861,238	
Total Expenditures	1,272,364	1,272,361	3
Non Spendable			
460 Non Spendable Fund Balance			
Restricted/Reserved:			
426 $25 Taconite			
431 Community Education	327,520	327,521	(1)
432 E.C.F.E.			
440 Teacher Development & Eval			
444 School Readiness			
447 Adult Basic Education			
452 OPEB Liab Not In Trust			
Restricted			
464 Restricted Fund Balance			
Unassigned			
463 Unassigned Fund Balance	(60)	(58)	(2)
Reconciliation of Community Service	2,461,062	2,461,062	

	Audit	UFARS	Variance
06 BUILDING CONSTRUCTION			
Total Revenue	613,780	613,780	
Total Expenditures	18,913,397	18,913,397	
Non Spendable			
460 Non Spendable Fund Balance			
Restricted/Reserved:			
407 Capital Projects Levy			
413 Projects Funded By COP			
467 LTFM			
Restricted			
464 Restricted Fund Balance	1,379,223	1,379,224	(1)
Unassigned:			
463 Unassigned Fund Balance			
Reconciliation of Building Construction	20,906,400	20,906,401	(1)
07 DEBT SERVICE			
Total Revenue	12,150,412	12,150,411	1
Total Expenditures	11,784,310	11,784,310	
Non Spendable			
460 Non Spendable Fund Balance			
Restricted/Reserved:			
425 Bond Refundings			
433 Max Effort Loan			
451 QZAB Payments			
467 LTFM			
Restricted			
464 Restricted Fund Balance	1,705,352	1,705,352	
Unassigned:			
463 Unassigned Fund Balance			
Reconciliation of Debt Service	25,640,074	25,640,073	1
08 TRUST			
Total Revenue			
Total Expenditures			
Unassigned:			
422 Unassigned Fund Balance			
Reconciliation of Trust			
18 CUSTODIAL FUND			
Total Revenue	2,804	2,804	
Total Expenditures	7,400	7,400	
Restricted/Reserved:			
401 Student Activities			
402 Scholarships	180,256	180,256	
448 Achievement and Integration			
Restricted			
464 Restricted Fund Balance			
Reconciliation of Custodial Fund	190,460	190,460	
20 INTERNAL SERVICE			
Total Revenue			
Total Expenditures			
Unassigned:			
422 Unassigned Fund Balance			
Reconciliation of Internal Service			
25 OPEB REVOCABLE TRUST FUND			
Total Revenue			
Total Expenditures			
Unassigned:			
422 Unassigned Fund Balance			
Reconciliation of OPEB Revocable Trust			
45 OPEB IRREVOCABLE TRUST FUND			
Total Revenue	522,598	522,598	
Total Expenditures	591,429	591,429	
Unassigned:			
422 Unassigned Fund Balance	12,588,504	12,588,504	
Reconciliation of OPEB Irrevocable Trust	13,702,531	13,702,531	
47 OPEB DEBT SERVICE FUND			
Total Revenue	875,439	875,439	
Total Expenditures	686,660	686,660	
Non Spendable			
460 Non Spendable Fund Balance			
Restricted			
425 Bond Refunding			
464 Restricted Fund Balance	291,972	291,972	
Unassigned			
463 Unassigned Fund Balance			
Reconciliation of OPEB Debt Service	1,854,071	1,854,071	