MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448

FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2024

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INTRODUCTORY SECTION

MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
BOARD OF EDUCATION AND ADMINISTRATION
YEAR ENDED JUNE 30, 2024

BOARD OF EDUCATION

Sarah Rohman	Chairperson
Jeff Scholl	Vice Chairperson
Laura Borchardt	Clerk
Mark Wohlhuter	Treasurer
Danielle Wilmes	Board Member
Darren Thate	Board Member
Nathan Vrieze	Board Member

ADMINISTRATION

Cori Reynolds	Superintendent

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Board of Education
Martin County West Schools
Independent School District No. 2448
Sherburn, 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 the Martin County West Schools Independent School District No. 2448 (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter- Prior Period Adjustment

As discussed in Note 12 to the financial statements, the beginning net position of the governmental activities opinion unit was restated due to a change in accounting policy over group purchases of capital assets. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the Schedule of Changes in the District's Total OPEB Liability and Related Ratios, the Schedule of the District's Proportionate Share of the Net Pension Liability and the Schedule of District Pension Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Uniform Financial Accounting and Reporting Standards Compliance Table is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Uniform Financial Accounting and Reporting Standards Compliance Table and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

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

CliftonLarsonAllen LLP

Rochester, Minnesota
December 26, 2024

REQUIRED SUPPLEMENTARY INFORMATION

This section of Independent School District No. 2448's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2024. Please read it in conjunction with the District's financial statements, which immediately follow this section. The Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in June 1999.

FINANCIAL HIGHLIGHTS

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

- General Fund – The general fund balance decreased from $3,972,527 in 2022-23 to $3,924,758 in 2023-24. This was a decrease of $47,769.
- Food Service Fund – The food service fund balance increased from $218,281 in 2022-23 to $297,192 in 2023-24. This was an increase of $78,911.
- Community Service Fund – The community service fund balance decreased $102,074 from ($120,230) in 2022-23 to ($222,304) in 2023-24.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

District-Wide Statements

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

District-Wide Statements (Continued)

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District one needs to consider additional 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 – Most of the District's basic services are included here, such as regular and special education, transportation, administration, food services, and community education. Property taxes and state aids finance most of these activities.

Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal grants).

The District has two kinds of funds:

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements (Continued)

- *Fiduciary funds* – The District is the trustee, or fiduciary, for the assets that belong to others, such as the scholarships funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in 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 $1,133,954 on June 30, 2024. Net position increased by $41,917 from the prior year. Net position is impacted by GASB 68 which require school districts to place its share of net pension liabilities in their financial statements. The decrease in deferred outflows of resources is due to a decrease of pension related outflows due to changes in actuarial assumptions.

Table A-1
The District's Net Position

	Governmental Activities as of June 30,		Percentage
	2024	(as restated) 2023	Change
Current and Other Assets	$ 7,214,693	$ 7,118,182	1.36 %
Capital Assets	10,086,769	11,175,645	(9.74)
Total Assets	17,301,462	18,293,827	(5.42)
Deferred Outflows of Resources	1,381,519	1,961,409	(29.56)
Current Liabilities	2,020,059	1,687,540	19.70
Long-Term Liabilities	12,150,809	13,735,972	(11.54)
Total Liabilities	14,170,868	15,423,512	(8.12)
Deferred Inflows of Resources	3,378,159	3,739,687	(9.67)
Net Position:			
Net Investment in Capital Assets	2,983,032	3,628,472	(17.79)
Restricted	2,019,127	1,762,354	14.57
Unrestricted	(3,868,205)	(4,298,789)	(10.02)
Total Net Position	$ 1,133,954	$ 1,092,037	3.84

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in Net Position

The District's total revenues were $11,194,976 for the year ended June 30, 2024. Charges for services decreased by $132,014. The increase in operating grants and contributions is due to an increase in state aid received for free meals, library aid, student support personnel aid, along with an increase in basic skills aid. Property taxes and unrestricted state aid accounted for approximately 67% of total revenues, 30% came from program revenues and investment earnings and less than 3% from other sources.

Table A-2
Change in Net Position

	Governmental Activities for the Fiscal Year Ended June 30, 2024	(as restated) 2023	Percentage Change
Revenues			
Program Revenues			
Charges for Services	$ 499,591	$ 631,605	(20.90)%
Operating Grants and Contributions	2,709,797	2,077,660	30.43
General Revenues			
Property Taxes	1,695,950	1,937,490	(12.47)
Unrestricted State Aid	5,833,906	5,786,366	0.82
Investment Earnings	178,799	95,934	86.38
Gain on Sale of Capital Assets	3,520	-	N/A
Other	273,413	398,605	(31.41)
Total Revenues	11,194,976	10,927,660	2.45
Expenses			
Administration	703,827	625,889	12.45
District Support Services	344,736	245,836	40.23
Regular Instruction	3,861,609	3,406,251	13.37
Vocational Education Instruction	207,301	138,509	49.67
Special Education Instruction	1,423,736	1,168,793	21.81
Instructional Support Services	620,050	522,072	18.77
Pupil Support Services	908,564	987,114	(7.96)
Sites and Buildings	1,987,396	1,461,024	36.03
Fiscal and Other Fixed Cost Programs	193,523	104,131	85.85
Food Service	513,298	468,789	9.49
Community Service	326,757	287,692	13.58
Interest and Fiscal Charges on Long-Term Liabilities	62,262	55,881	11.42
Total Expenses	11,153,059	9,471,981	17.75
Change in Net Position	41,917	1,455,679	
Net Position - Beginning of Year (as restated)	1,092,037	(363,642)	
Net Position - Ending	$ 1,133,954	$ 1,092,037	

Net position increased due to revenue increases in categorical aid in 2023-24.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

The cost of all *governmental* activities in fiscal year 2024 was $11,153,059. Regular, vocational, and special education instruction accounted for approximately 49% of total general fund expenditures while 17% came from support services, and 18% from sites and buildings. Another 6% was attributed to administrative costs.

Figure A-1
Sources of District's Revenues for Fiscal 2024

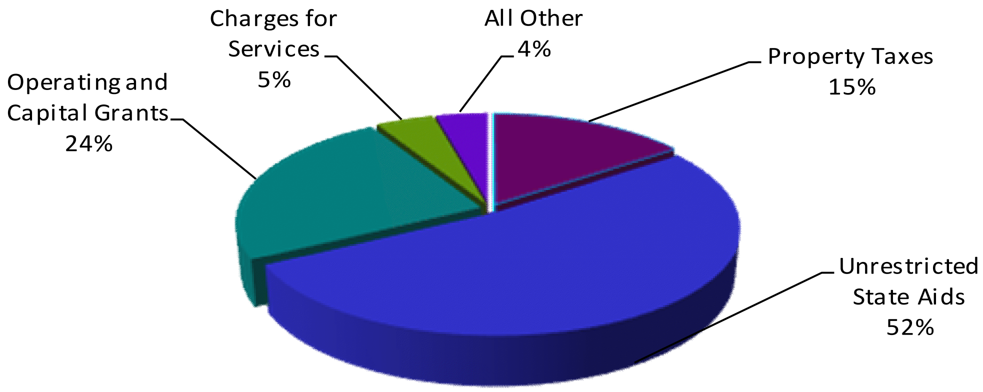
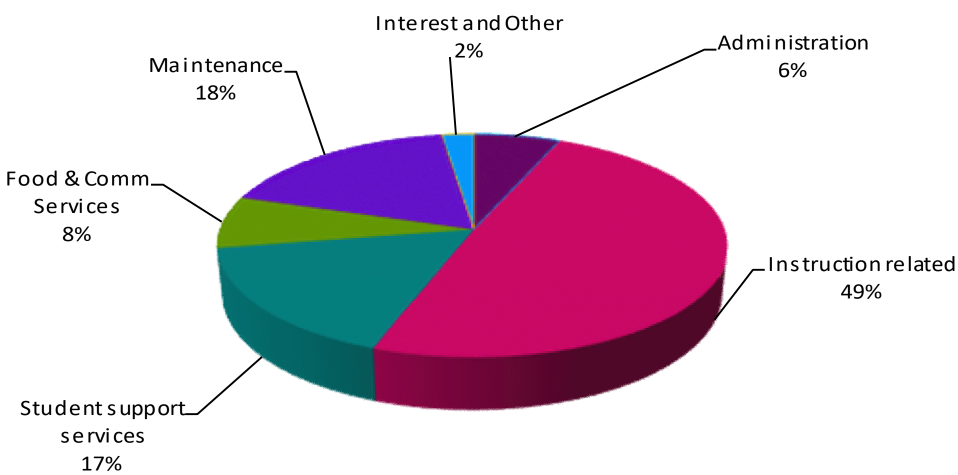


Figure A-2
District Expenses for Fiscal 2024



FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Normally, the District does not include, in an analysis of all governmental funds, a breakout of expenditures as depicted in Figure A-2 above. To do so distorts the latitude available to the District to allocate resources to instruction. All governmental funds include not only funds received for the general operation of the District, which are used for classroom instruction, but also include resources from the entrepreneurial-type funds of Food Service and Community Education, and from resources for fiscal service transactions. Funding for the general operation of the District is controlled by the state and the District does not have the latitude to allocate money received in Food Service or Community Education or for fiscal services to enhance classroom instruction resources. The District cannot take funds from these restricted areas and use the funds to hire teachers to enhance instruction. The preceding graph, by pooling all expenditures, implies that the District does have equal access to all funds to impact classroom instruction. In Minnesota, that is simply not an option. Therefore, a more accurate analysis of resources allocated to instruction should be limited to an analysis of resources received for the general operation of the District.

Table A-3
Program Expenses and Net Cost of Services

	Total Cost of Services		Percentage	Net Cost of Services		Percentage
	2024	2023 (as Restated)	Change	2024	2023 (as Restated)	Change
Administration	$ 703,827	$ 625,889	12.45%	$ 703,827	$ 625,889	12.45%
District Support Services	344,736	245,836	40.23%	344,736	245,836	40.23%
Regular Instruction	3,861,609	3,406,251	13.37%	2,456,943	2,334,853	5.23%
Vocational Education Instruction	207,301	138,509	49.67%	207,301	138,509	49.67%
Special Education Instruction	1,423,736	1,168,793	21.81%	465,973	274,356	69.84%
Instructional Support Services	620,050	522,072	18.77%	519,861	422,744	22.97%
Pupil Support Services	908,564	987,114	-7.96%	910,884	986,870	-7.70%
Sites and Buildings	1,987,396	1,461,024	36.03%	1,987,396	1,461,024	36.03%
Fiscal and Other Fixed Cost Programs	193,523	104,131	85.85%	193,523	104,131	85.85%
Food Service	513,298	468,789	9.49%	(70,160)	(15,279)	359.19%
Community Service	326,757	287,692	13.58%	161,125	127,902	25.98%
Interest and Fiscal Charges on Long-Term Liabilities	62,262	55,881	11.42%	62,262	55,881	11.42%
	$ 11,153,059	$ 9,471,981	17.75%	$ 7,943,671	$ 6,762,716	17.46%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Prior to the start of each fiscal year, the Board of Education adopts its original budget in order to comply with state statute. Upon completion of the prior year financial statements, a revised budget is approved including updated fund balances, federal awards, revenues, and expenditure projections. If significant events take place during the year, the Board is allowed to make additional budget revisions. However, the Board typically approves one original budget and one revised budget each year.

GENERAL FUND

When analyzing the general fund, it is important to note that accounts are classified into one of the following GASB 54 fund balance categories: Nonspendable, Restricted, Committed, Assigned, and Unassigned.

- Nonspendable – Amounts that cannot be spent because they are not in a spendable form (prepaid items and inventory) or amounts legally or contractually required to be maintained. The District ended the year with a fund balance of $18,226 in this area.

- Restricted – Funds subject to externally enforceable legal restrictions. Accounts for student activities, operating capital, basic skills, safe schools, LTFM, and medical assistance had a combined year-end fund balance of $1,546,299.

- Committed – Funds constrained for a specific purpose by a government using its highest decision-making authority. The Board of Education did not have any committed funds in fiscal year 2024.

- Assigned – Funds constrained with the intent to be used for a specific purpose. The Board of Education did not have any assigned funds in fiscal year 2024.

- Unassigned – Funds not classified under any of the preceding categories. This category is used for the majority of the District's accounts and had a year-end fund balance of $2,360,233.

Enrollment

Student enrollment is a key component used to determine the amount of aid a school district receives. The following chart highlights the recent ADM history at Martin County West Public Schools.

Table A-4
Five-Year Enrollment Trend
Average Daily Membership (ADM)

Grade	2020	2021	2022	2023	2024
EC	5	4	3	2	1
HK	8	9	7	4	-
Kdgt.	36	42	43	38	45
1-3	147	138	148	147	141
4-6	148	141	136	141	142
7-12	346	336	340	326	294
Total K-12 ADM	690	670	677	658	623
ADM Change	(33)	(20)	7	(19)	(36)
Percent Change	-4.6%	-2.9%	1.0%	-2.7%	-5.4%

The District's ADM in 2024 decreased by fifty-one students from the prior year.

GENERAL FUND (CONTINUED)

The following schedule presents a summary of General Fund Revenues.

Table A-5
General Fund Revenues

	Year Ended		Change	
	June 30, 2024	June 30, 2023	Increase (Decrease)	Percentage Change
Local Sources:				
Property Taxes	$ 1,368,391	$ 1,482,281	$ (113,890)	(7.7)%
Earnings on Investments	161,973	84,646	77,327	91.4
Other	604,231	490,776	113,455	23.1
State Sources	7,512,613	6,882,850	629,763	9.1
Federal Sources	252,615	438,747	(186,132)	(42.4)
Total General Fund Revenue	$ 9,899,823	$ 9,379,300	$ 520,523	5.5

General Fund revenue increased $520,523 or 5.6% from the previous year. This change was due primarily to increases in basic skills revenue, interest earnings, and miscellaneous revenue.

The following schedule presents a summary of General Fund Expenditures.

Table A-6
General Fund Expenditures

	Year Ended		Change	
	June 30, 2024	June 30, 2023	Increase (Decrease)	Percentage Change
Salaries	$ 5,558,853	$ 5,023,773	$ 535,080	10.7%
Employee Benefits	1,452,375	1,321,722	130,653	9.9%
Purchased Services	1,970,026	1,953,767	16,259	0.8%
Supplies and Materials	690,461	896,740	(206,279)	-23.0%
Capital Expenditures	216,707	443,594	(226,887)	-51.1%
Other Expenditures	62,690	179,506	(116,816)	-65.1%
Total Expenditures	$ 9,951,112	$ 9,819,102	$ 132,010	1.3%

General Fund expenditures increased $132,010 or 1.4% from the previous year.

GENERAL FUND (CONTINUED)

General Fund Budgetary Highlights

The District approved its original budget in June 2023 and a revised budget in March 2024. Several changes were made including updates to fund balances, staffing, and student enrollment projections.

Total audited revenue was $9,899,823 compared to a revised budget of $9,582,765. This variance of $317,058 was 3.3% above budget. General Fund expenditures came in $46,408 above the revised budget.

OTHER MAJOR FUNDS

Food Service Fund

The Food Service Fund balance increased $78,911 from the prior year and retains a healthy fund balance. Revenues were $592,209, which was $103,381 above the revised budget. Expenditures were $513,298, which was $42,171 above the revised budget.

Community Service Fund

The Community Service Fund balance decreased from ($120,230) in FY23 to ($222,304) in FY24. This decrease of $102,074 was mostly contained within the school readiness program.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2024, capital assets, net of depreciation, totaled $9,857,075. This is a decrease of $1,008,876 or 9.7% from the prior year. More detailed information can be found in Note 3 of the financial
statements.

Table A-7
Capital Assets

	2024	(as restated) 2023	Percentage Change
Land	$ 176,662	$ 176,662	- %
Land Improvements	1,684,652	1,684,652	-
Buildings and Improvements	20,146,393	19,999,973	0.7
Equipment	7,034,461	7,034,461	-
Less: Accumulated Depreciation	(18,955,399)	(17,720,103)	7.0
Total General Fund Expenditures	$ 10,086,769	$ 11,175,645	(9.7)

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Liabilities

As of June 30, 2024, the District had long-term liabilities of $6,700,793. Long-term liabilities decreased by $687,990 or 9.4% from the prior year.

Table A-7
Capital Assets

	2024	(as restated) 2023	Percentage Change
Land	$ 176,662	$ 176,662	- %
Land Improvements	1,684,652	1,684,652	-
Buildings and Improvements	20,146,393	19,999,973	0.7
Equipment	7,034,461	7,034,461	-
Less: Accumulated Depreciation	(18,955,399)	(17,720,103)	7.0
Total General Fund Expenditures	$ 10,086,769	$ 11,175,645	(9.7)

FACTORS BEARING ON THE DISTRICT'S FUTURE

Changes made to federal and state funding and decisions made by the Board of Education have a direct impact on the District's financial position. Listed below are some recent highlights:

Basic Formula Allowance – During the legislative session of 2023, legislators approved increases in the basic formula allowance of 4% for FY24 and 2% for FY25. These increases will help with rising costs and continue to be important in light of our enrollment history.

COVID Relief Funds – The District utilized the remaining ESSER funds in FY24. These funds enabled the District to address a variety of challenges caused by the pandemic related to staffing, learning loss, supplies and equipment. The District will also continue its efforts to implement conservative spending while providing a high quality education for all students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide an overview of the District's finances for the year ended June 30, 2024. If you have questions about this report, inquiries may be sent to Independent School District No. 2448, Office of the Superintendent, 105 East 5th Street, Sherburn, Minnesota 56171.

BASIC FINANCIAL STATEMENTS

MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities
ASSETS	
Cash and Investments	$ 5,075,257
Receivables:	
Property Taxes	1,184,685
Other Governments	919,015
Other	5,261
Prepaid Items	18,226
Inventory	12,249
Capital Assets:	
Land and Construction in Progress	176,662
Other Capital Assets, Net of Depreciation	9,910,107
Total Assets	17,301,462
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related	1,283,114
Other Postemployment Benefit Related	98,405
Total Deferred Outflows of Resources	1,381,519
LIABILITIES	
Salaries Payable	884,259
Accounts and Contracts Payable	249,100
Accrued Interest	96,083
Unearned Revenue	10,102
Long-Term Liabilities:	
Portion Due Within One Year	780,515
Portion Due in More Than One Year	5,920,278
Net Pension Liability	5,756,238
Other Postemployment Benefit Liability-Due Within One Year	84,646
Other Postemployment Benefit Liability-Due in More Than One Year	389,647
Total Liabilities	14,170,868
DEFERRED INFLOWS OF RESOURCES	
Property Taxes Levied for Subsequent Year	1,795,683
Gains on Debt Refunding	297,686
Pension Related	1,158,368
Other Postemployment Benefit Related	126,422
Total Deferred Inflows of Resources	3,378,159
NET POSITION	
Net Investment in Capital Assets	2,983,032
Restricted for:	
Operating Capital Purposes	659,240
State-Mandated Reserves	887,059
Food Service	297,192
Debt Service	175,636
Unrestricted	(3,868,205)
Total Net Position	$ 1,133,954

See accompanying Notes to Financial Statements.

MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

Functions	Expenses	Program Charges for Services	Program Operating Grants and Contributions
GOVERNMENTAL ACTIVITIES			
Administration	$ 703,827	$ -	$ -
District Support Services	344,736	-	-
Regular Instruction	3,861,609	244,188	1,160,478
Vocational Education Instruction	207,301	-	-
Special Education Instruction	1,423,736	98,383	859,380
Instructional Support Services	620,050	-	100,189
Pupil Support Services	908,564	-	(2,320)
Sites and Buildings	1,987,396	-	-
Fiscal and Other Fixed Cost Programs	193,523	-	-
Food Service	513,298	33,174	550,284
Community Service	326,757	123,846	41,786
Interest and Fiscal Charges on Long-Term Liabilities	62,262	-	-
Total School District	$ 11,153,059	$ 499,591	$ 2,709,797

GENERAL REVENUES

Property Taxes Levied for:

General Purposes

Community Service

Debt Service

State Aid Not Restricted to Specific Purposes

Earnings on Investments

Gain on Sale of Capital Assets

Miscellaneous

Total General Revenues

CHANGE IN NET POSITION

Net Position - Beginning of Year, as Restated

NET POSITION - END OF YEAR

See accompanying Notes to Financial Statements.

MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2024

Revenues	Net (Expense) Revenue and Change in Net Position
Capital Grants and Contributions	Total Governmental Activities
$ -	$ (703,827)
-	(344,736)
-	(2,456,943)
-	(207,301)
-	(465,973)
-	(519,861)
-	(910,884)
-	(1,987,396)
-	(193,523)
-	70,160
-	(161,125)
-	(62,262)
$ -	(7,943,671)
	1,357,114
	53,803
	285,033
	5,833,906
	178,799
	3,520
	273,413
	7,985,588
	41,917
	1,092,037
	$ 1,133,954

See accompanying Notes to Financial Statements.

MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2024

	Major Funds		
	General	Food Service	Community Service
ASSETS			
Cash and Investments	$ 4,304,097	$ 336,681	$ -
Receivables:			
Current Property Taxes	616,177	-	32,820
Delinquent Property Taxes	3,947	-	237
Accounts and Interest Receivable	5,261	-	-
Due from Minnesota Department of Education	648,246	-	2,853
Due from Federal through Minnesota Department of Education	243,285	-	-
Due from Other Funds	159,287	-	-
Prepaid Items	18,226	-	-
Inventory	-	12,249	-
Total Assets	$ 5,998,526	$ 348,930	$ 35,910
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Salaries and Payroll Deductions Payable	$ 825,250	$ 39,198	$ 19,811
Payroll Deductions and Employer			
Accounts and Contracts Payable	236,077	4,029	8,994
Due to Other Funds	-	-	159,287
Unearned Revenue	-	8,511	1,591
Total Liabilities	1,061,327	51,738	189,683
Deferred Inflows of Resources:			
Property Taxes Levied for Subsequent Year	1,008,494	-	68,294
Unavailable Revenue - Delinquent Property Taxes	3,947	-	237
Total Deferred Inflows of Resources	1,012,441	-	68,531
Fund Balances:			
Nonspendable:			
Prepaid Items	18,226	-	-
Inventory	-	12,249	-
Restricted for:			
Student Activities	195,173	-	-
Staff Development	5,468	-	-
Student Support Personnel Aid	40,000	-	-
Operating Capital	659,240	-	-
Community Education Programs	-	-	50,672
Early Childhood and Family Education Programs	-	-	17,440
Basic Skills Programs	357,472	-	-
Safe Schools Crime - Crime Levy	71,601	-	-
Long-Term Facilities Maintenance	49,226	-	-
Medical Assistance	168,119	-	-
Other Purposes	-	284,943	5,507
Unassigned	2,360,233	-	(295,923)
Total Fund Balances	3,924,758	297,192	(222,304)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 5,998,526	$ 348,930	$ 35,910

See accompanying Notes to Financial Statements.

MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2024

Major Funds Debt Service	Total Governmental Funds
$ 434,479	$ 5,075,257
529,494	1,178,491
2,010	6,194
-	5,261
24,631	675,730
-	243,285
-	159,287
-	18,226
-	12,249
$ 990,614	$ 7,373,980
$ -	$ 884,259
-	249,100
-	159,287
-	10,102
-	1,302,748
718,895	1,795,683
2,010	6,194
720,905	1,801,877
-	18,226
-	12,249
-	195,173
-	5,468
-	40,000
-	659,240
-	50,672
-	17,440
-	357,472
-	71,601
-	49,226
-	168,119
269,709	560,159
-	2,064,310
269,709	4,269,355
$ 990,614	$ 7,373,980

See accompanying Notes to Financial Statements.

MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total Fund Balance for Governmental Funds	$ 4,269,355
Total net position reported for governmental activities in the Statement of Net Position is different because:	
Capital assets used in governmental funds are not financial resources and, therefore are not reported in the funds. Those assets consist of:	
Land	176,662
Land Improvements, Net of Accumulated Depreciation	266,783
Buildings and Improvements, Net of Accumulated Depreciation	8,642,048
Equipment, Net of Accumulated Depreciation	1,001,276
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore are reported as Deferred Inflows of Resources in the funds.	6,194
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(96,083)
The District's Net Pension Liability and related Deferred Outflows and Inflows of Resources are recorded only on the Statement of Net Position. Balances at year-end are:	
Net Pension Liability	(5,756,238)
Deferred Outflows of Resources - Pension Related	1,283,114
Deferred Inflows of Resources - Pension Related	(1,158,368)
The District's Other Postemployment Benefit Liability and related Deferred Outflows and Inflows of Resources are recorded only on the Statement of Net Position. Balances at year-end are:	
Other Postemployment Benefit Liability	(474,293)
Deferred Outflows of Resources - Other Postemployment Benefit Related	98,405
Deferred Inflows of Resources - Other Postemployment Benefit Related	(126,422)
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the Statement of Net Position. Balances at year-end are:	
Bonds Payable	(5,875,000)
Unamortized Premiums	(701,357)
Gain on Refunding	(297,686)
Severance Payable	(68,840)
Compensated Absences Payable	(55,596)
Total Net Position of Governmental Activities	$ 1,133,954

See accompanying Notes to Financial Statements.

MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024

	Major Funds		
	General	Food Service	Community Service
REVENUES			
Local Sources:			
Property Taxes	$ 1,368,391	$ -	$ 54,383
Investment Income	161,973	8,749	-
Other	604,231	33,176	135,597
State Sources	7,512,613	241,711	43,777
Federal Sources	252,615	308,573	-
Total Revenues	9,899,823	592,209	233,757
EXPENDITURES			
Current:			
Administration	781,365	-	-
District Support Services	343,613	-	-
Elementary and Secondary Regular Instruction	4,225,020	-	-
Vocational Education Instruction	238,904	-	-
Special Education Instruction	1,433,886	-	-
Instructional Support Services	596,574	-	-
Pupil Support Services	800,676	-	-
Sites and Buildings	1,124,516	-	-
Fiscal and Other Fixed Cost Programs	189,851	-	-
Food Service	-	513,298	-
Community Service	-	-	333,507
Capital Outlay	216,707	-	2,324
Debt Service:			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	9,951,112	513,298	335,831
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(51,289)	78,911	(102,074)
OTHER FINANCING SOURCES (USES)			
Sale of Equipment	3,520	-	-
Insurance Recovery	-	-	-
Total Other Financing Sources (Uses)	3,520	-	-
NET CHANGE IN FUND BALANCES	(47,769)	78,911	(102,074)
Fund Balances - Beginning	3,972,527	218,281	(120,230)
FUND BALANCES - ENDING	$ 3,924,758	$ 297,192	$ (222,304)

See accompanying Notes to Financial Statements.

MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Major Funds Debt Service	Total Governmental Funds
$ 289,821	$ 1,712,595
8,077	178,799
(1)	773,003
235,936	8,034,037
-	561,188
533,833	11,259,622
-	781,365
-	343,613
-	4,225,020
-	238,904
-	1,433,886
-	596,574
-	800,676
-	1,124,516
-	189,851
-	513,298
-	333,507
-	219,031
490,000	490,000
264,800	264,800
754,800	11,555,041
(220,967)	(295,419)
-	3,520
-	-
-	3,520
(220,967)	(291,899)
490,676	4,561,254
$ 269,709	$ 4,269,355

See accompanying Notes to Financial Statements.

MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

Net Change in Fund Balances - Total Governmental Funds	$ (291,899)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays and acquisition of right-to-use assets as expenditures. However, in the Statement of Activities are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation or amortization expense.	
Capital Outlays	146,420
Gain (Loss) on Disposal of Capital Assets	3,520
Proceeds from the Sales of Capital Assets	(3,520)
Depreciation Expense	(1,235,296)
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore are unavailable in the governmental funds.	(16,645)
Pension expenditures in the governmental funds are measured by current year employer contributions. Pension expenses in the Statement of Activities are measured by the change in Net Pension Liability and the related Deferred Outflows and Inflows of Resources.	619,467
Other postemployment benefit expenditures in the governmental funds are measured by current year benefit payments. Other postemployment benefit expense in the Statement of Activities is measured by the change in total OPEB liability and the related Deferred Outflows and Inflows of Resources.	94,610
In the Statement of Activities, certain operating expenses - compensated absences payable - 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 actually paid).	41,922
The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the Statement of Activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:	
Repayment of Bond Principal	490,000
Change in Accrued Interest Liability	10,208
Amortization of Gain on Refunding	27,062
Amortization of Bond Premium	156,068
Change in Net Position of Governmental Activities	$ 41,917

See accompanying Notes to Financial Statements.

MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
STATEMENT OF FIDUCIARY FUND NET POSITION
JUNE 30, 2024

	Custodial Fund
ASSETS	
Cash and Investments	$ 7,954
Total Assets	$ 7,954
NET POSITION	
Restricted for Scholarships	$ 7,954
Total Net Position	$ 7,954

MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
YEAR ENDED JUNE 30, 2024

	Custodial Fund
ADDITIONS	
Earnings on Investments	$ -
Total Additions	-
DEDUCTIONS	
Scholarships Awarded	-
Total Deductions	-
CHANGE IN NET POSITION	-
Net Position - Beginning of Year	7,954
NET POSITION - END OF YEAR	$ 7,954

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Independent School District No. 2448 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB pronouncements are recognized as accounting principles generally accepted in the United States of America for state and local governments.

B. Financial Reporting Entity

Independent School District No. 2448 (the District) is an instrumentality of the state of Minnesota established to function as an education institution. The elected Board of Education (the Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

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

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

Student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside of school hours. The Board establishes broad policies and ensures that appropriate financial records are maintained for student activities, as well as controls and is financial accountable for these activities. Accordingly, the accounts and transactions for the extracurricular student activities are included in the financial statements within the General Fund.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program 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 is available. Depreciation expenses that can be specifically identified by function are included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. Generally, the effect of material interfund activity has been removed from the District-Wide Financial Statements.

Separate fund financial statements are provided for Governmental and Fiduciary Funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Fiduciary Funds are presented in the Fiduciary Fund Financial Statements by type; custodial fund. Since by definition, Fiduciary Fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the District-Wide Financial Statements.

D. Measurement Focus, Basis of Accounting, and Description of Funds

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus, Basis of Accounting, and Description of Funds (Continued)

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 as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes and the accounting principles generally accepted in the United States of America. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales, community education tuition, and other miscellaneous revenue (except investment earnings) are recorded as revenue when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A six-month availability period is generally used for other fund revenue.

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.

Description of Funds

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

Major Governmental Funds

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

Food Service Special Revenue Fund – The Food Service Fund is used to account for food service revenues and expenditures. Revenues for the Food Service Special Revenue Fund are composed of user fees and reimbursements from the federal and state governments. These revenues are restricted for the Food Service Special Revenue Fund.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus, Basis of Accounting, and Description of Funds (Continued)

Major Governmental Funds (Continued)

Community Service Special Revenue Fund – The Community Service Special Revenue Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, veterans, adult or early childhood programs or other similar services. Revenues for the Community Service Special Revenue Fund are composed of user fees, local levy dollars, state tax credits, and aid from the state government. These revenues are restricted for the Community Service Special Revenue Fund.

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

Fiduciary Funds

Custodial Fund – The Custodial fund is used to account for resources held by the District in a custodial capacity to be used for scholarships.

E. Cash and Investments

Cash and investments consist of cash on hand, demand deposit accounts, time/savings accounts, and deposits in the Minnesota School District Liquid Asset Fund (MSDLAF). Cash balances from all funds are combined and invested to the extent available in various securities as authorized by Minnesota Statutes. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

F. Receivables

Represents amounts receivable from individuals, firms, and corporations for goods and services furnished by the District. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary. The only receivable not expected to be collected within one year are current property taxes receivable.

G. Prepaid Items

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Inventory

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

I. Property Taxes

Property tax levies are established by the Board of Education in December each year and are certified to the County for collection the following calendar year. In Minnesota, counties act as collection agents for all property taxes and are responsible for spreading all levies over taxable property. Such taxes become a lien on January 1. Taxes are generally due on May 15 and October 15, and counties generally remit taxes to Districts at periodic intervals as they are collected. A portion of property taxes levied is paid through various state 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 a deferred inflow of resources (property taxes levied for subsequent year). The majority of District revenue in the General Fund and Debt Service Fund (and to a lesser extent in the District's Community Service Special Revenue Fund) is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between 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."

In accordance with state law, the current tax shift recognizes $302,993 f the property tax levy collectible in 2024 as revenue to the District in the year ended June 30, 2024. Certain other portions of the District's 2023 Pay 2024 levy, normally revenue for the 2024-24 fiscal year, are also advance recognized at June 30, 2024, as required by State Statute to match revenue with the same fiscal year as the related expenditures.

Taxes that 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 unavailable because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material. Current levies of local taxes, less the amount recognized as revenue in the current period, including portions assumed by the state which will be recognized as revenue in the next fiscal year beginning July 1, 2024, are included in Property Taxes Levied for Subsequent Year to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The District maintains a threshold level of $1,000 for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the 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 15 years for equipment.

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

Capital assets not being depreciated consist of land.

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

K. Deferred Outflows of Resources

In addition to assets, the financial statements reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until that time. The District has only two types of items. The first type is *pension related*. The second type is *other postemployment benefit related*.

L. Long-Term Liabilities

In the District-Wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period they are incurred.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Long-Term Liabilities (Continued)

In the Fund Financial Statements, governmental fund types recognize bond premiums and discounts 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.

M. Pensions

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

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

PERA has a special funding situation created by direct aid contributions made by the state of Minnesota for the merger of the Minneapolis Employees Retirement Fund into GERF in fiscal year 2006.

N. Accrued Employee Benefits

Compensated Absences Payable

Employees earn annual vacation pay at rates dependent upon each employee group labor contract. Outstanding unpaid vacation pay at June 30th may be carried forward up to six months. At June 30, 2024, unpaid vacation pay totaling $55,596 is recorded on the Statement of Net Position.

Sick leave is accounted for as an expenditure when paid, except as discussed below.

Severance pay is available for certain eligible employees. The maximum benefit is generally based on accumulated unused sick leave, years of service, and/or a percent of salary depending on the employee contract. The total amounts cannot exceed certain contract limits and are subject to reduction by accumulative 403(b) employer contributions. At June 30, 2024, unpaid vested severance pay totaling $68,840 is recorded in the Statement of Net Position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Accrued Employee Benefits (Continued)

Other Postemployment Benefits

Under the provisions of the various employee and union contracts the District provides health care benefits if certain age and minimum years of service requirements are met. The amount to be incurred is limited as specified by contract. All premiums are funded on a pay-as-you-go basis. The District also has an implicit rate subsidy for OPEB. This amount was actuarially determined, in accordance with GASB Statement No. 75.

O. Deferred Inflows of Resources

In addition to liabilities, the financial statements reports 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 five types of items. The first occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. The second type of deferred inflows of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's year-end) under the modified accrual basis of accounting. The third type is related to a gain on refunding of bonded debt. The fourth and fifth types, *pension related* and *other postemployment benefits related*.

P. Unearned Revenue

Unearned revenues are those in which resources are received by the District before it has a legal claim to them.

Q. Fund Balance

In the Fund Financial Statements, Governmental Funds report nonspendable, restricted, committed, assigned, and unassigned fund balances. Nonspendable portions of fund balance relate to prepaid items and inventory. Restricted funds are constrained from outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the Board of Education. The Board of Education passed a resolution authorizing the Superintendent, the Fiscal Services Coordinator, and the Finance Committee the ability to assign fund balances and their intended uses. Unassigned fund balances are considered the remaining amounts.

In accordance with the District's fund balance policy, when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to use restricted first, then unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts is available, it is the District's policy to use committed first, then assigned and finally unassigned amounts.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Balance (Continued)

The District has a minimum fund balance policy, which identifies a minimum Unassigned General Fund balance of two months of operating expenses.

The District's liabilities for compensated absences, severance, pension, and OPEB are generally liquidated by the General Fund.

S. Net Position

Net position represents the difference between Assets and Deferred Outflows of Resources and Liabilities and Deferred Inflows of Resources in the District-Wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term liabilities used to build or acquire the capital assets. Net position is reported as restricted in the District-Wide Financial Statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

T. Estimates

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

NOTE 2 DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits will not be returned in full. The District does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits.

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the Statement of Net Position and Balance Sheet as "Cash and Investments." In accordance with Minnesota Statutes, the District maintains deposits at financial institutions which are authorized by the District's Board of Education.

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

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

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

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. Government Agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. It is required that the District sign authorizations releasing collateral once it is pledged.

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

- Direct obligations or obligations guaranteed by the United States or its agencies.
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency and all of the investments have a final maturity of 13 months or less.
- General obligations rated "A" or better; Revenue obligations rated "AA" or better.
- General obligations of the Minnesota Housing Finance Agency rated "A" or better.
- Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System.
- Commercial paper issued by United States banks, corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies, and maturing in 270 days or less.
- Guaranteed investment contracts 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.
- Repurchase or reverse purchase agreement and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

At June 30, 2024, the District had the following investments:

	External Investment Pools
Minnesota School District Liquid Asset Fund Plus Liquid Class	$ 2,595,965
Minnesota School District Liquid Asset Fund Plus MAX Class	1,912,555
Total External Investment Pools	$ 4,508,520

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The Minnesota School District Liquid Asset Fund Plus (MSDLAF+) is an external investment pool (Pool) that is managed to maintain a dollar-weighted average portfolio maturity of no greater than 60 days and seeks to maintain a constant net asset value (NAV) per share of $1.00. The Pool elects to measure its investments at amortized cost in accordance with accounting statements issued by the Governmental Accounting Standards Board.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District does not have a formal policy relating to this risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Investment Type	12 Months or Less	Total
Minnesota School District Liquid Asset Fund Plus Liquid Class	$ 2,595,965	$ 2,595,965
Minnesota School District Liquid Asset Fund Plus MAX Class	1,912,555	1,912,555
	$ 4,508,520	$ 2,595,965

The Liquid Class has no redemption requirements. The Max Class may not be redeemed for at least 14 days, and a 24-hour hold is placed on redemption requests. Redemptions prior to 14 days may be subject to penalty.

At June 30, 2024, the District had no investments measured at fair value.

The deposits and investments are presented in the financial statements as follows:

Deposits	$ 574,691
Minnesota School District Liquid Asset Fund Plus (MSDLAF+)	4,508,520
Total Cash and Investments	$ 5,083,211
Cash and Investments - Statement of Net Position	$ 5,075,257
Cash and Investments - Statement of Fiduciary Net Position	7,954
Total Cash and Investments	$ 5,083,211

NOTE 3 CAPITAL ASSETS

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

	Balance (as restated)	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	$ 176,662	$ -	$ -	$ 176,662
Total Capital Assets, Not Being Depreciated	176,662	-	-	176,662
Capital Assets, Being Depreciated				
Land Improvements	1,684,652		-	1,684,652
Buildings and Improvements	19,999,973	146,420	-	20,146,393
Equipment	7,034,461		-	7,034,461
Total Capital Assets, Being Depreciated	28,719,086	146,420	-	28,865,506
Accumulated Depreciation for:				
Land Improvements	(1,356,349)	(61,520)	-	(1,417,869)
Buildings and Improvements	(10,795,219)	(709,126)	-	(11,504,345)
Equipment	(5,568,535)	(464,650)	-	(6,033,185)
Total Accumulated Depreciation	(17,720,103)	(1,235,296)	-	(18,955,399)
Total Capital Assets, Being Depreciated, Net	10,998,983	(1,088,876)	-	9,910,107
Governmental Activities Capital Assets, Net	$ 11,175,645	$ (1,088,876)	$ -	$ 10,086,769

Depreciation expense was charged to functions of the District as follows:

Governmental Activities	
Administration	$ 546
District Support Services	1,191
Regular Instruction	938,746
Vocational Education Instruction	2,078
Special Education Instruction	75
Instructional Support Services	27,590
Pupil Support Services	149,303
Sites and Buildings	103,118
Food Service	12,276
Community Service	374
Total Depreciation Expense, Governmental Activities	$ 1,235,296

NOTE 4 LONG-TERM LIABILITIES

A. Components of Long-Term Liabilities

The District has issued general obligation school building bonds to finance the construction of capital facilities or refinance previous bond issues. Assets of the Debt Service Fund, together with scheduled future tax levies, are dedicated for the retirement of these bonds. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

Issue Date	Interest Rate	Original Issue	Final Maturity	Principal Outstanding Due Within One Year	Principal Outstanding Total
11/18/2021	2.00% - 5.00%	$ 6,770,000	2/1/2035	$ 515,000	$ 5,875,000
Total General Obligation Bonds				515,000	5,875,000
Bond Premiums				141,079	701,357
Severance Payable				68,840	68,840
Compensated Absences Payable				55,596	55,596
Total				$ 780,515	$ 6,700,793

B. Minimum Debt Payments

Minimum annual principal and interest payments required to retire long-term liabilities, not including the severance payable and compensated absences payable are as follows:

Year Ending June 30,	General Obligation Bonds Payable Principal	General Obligation Bonds Payable Interest
2025	$ 515,000	$ 230,600
2026	535,000	204,850
2027	560,000	178,100
2028	590,000	150,100
2029	620,000	120,600
2030-2034	2,515,000	251,350
2035	540,000	10,800
Total	$ 5,875,000	$ 1,146,400

C. Description of Long-Term Liabilities

General Obligation Refunding Bonds, Series 2021A

On November 18, 2021, the District issued $6,770,000 of General Obligation Refunding Bonds, Series 2021A at interest rates of 2.00% to 5.00%. The bonds are due in varying annual installments each February 1 through February 1, 2035 with interest due semi-annually on February 1 and August 1. Assets of the Debt Service fund, together with scheduled future ad valorem tax levies are dedicated to retire these bonds.

NOTE 4 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Liabilities (Continued)

Severance Payable

The amount of the estimated obligation at June 30, 2024 is $68,840. The District's General Fund, Food Service Fund and Community Service Fund finances severance on a pay-as-you-go basis.

Compensated Absences Payable

The amount of the estimated obligation at June 30, 2024 is $55,596. The District's General Fund, Food Service Fund and Community Service Fund finances compensated absences on a pay-as-you-go basis.

D. Changes in Long-Term Liabilities

	June 30, 2023	Additions	Retirements	June 30, 2024
Bonds Payable	$ 6,365,000	$ -	$ 490,000	$ 5,875,000
Bond Premium	857,425	-	156,068	701,357
Severance Payable	109,771	-	40,931	68,840
Compensated Absences Payable	56,587	-	991	55,596
Total	$ 7,388,783	$ -	$ 687,990	$ 6,700,793

NOTE 5 RESTRICTED FUND BALANCES

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

A. Restricted for Student Activities

This restricted fund balance represents accumulated resources available to provide for student activities.

B. Restricted for Staff Development

The fund balance restriction represents accumulated resources available to provide staff development programming.

C. Restricted for Student Support Personnel Aid

The fund balance restriction represents accumulated resources available to provide aid to student support personnel.

NOTE 5 RESTRICTED FUND BALANCES (CONTINUED)

D. Restricted for Operating Capital

The District levies taxes and receives state aid to be used for the purchase of equipment, books, and vehicles and to purchase, rent, improve, and repair school facilities as allowed by State Statute. The cumulative excess of such revenues over equipment and facilities expenditures is reported as a restriction of fund balance in the General Fund.

E. Restricted for Community Education Programs

This restricted fund balance represents accumulated resources available to provide general community education programming.

F. Restricted for Early Childhood and Family Education Programs

This restricted fund balance represents accumulated resources available to provide services for early childhood and family education programming.

G. Restricted for Safe Schools Crime – Crime Levy

This restricted fund balance represents accumulated resources available to provide services for safe schools programming.

H. Restricted for Medical Assistance

This restricted fund balance represents accumulated resources available to provide services for Medical Assistance programming.

I. Restricted for Long Term Facilities Maintenance

This restricted fund balance represents accumulated resources available to provide services for long term facilities maintenance.

J. Restricted for Other Purposes

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

K. Restricted for Basic Skills

This restricted fund balance represents accumulated resources available through a portion of the District's general education aid compensatory revenue for basic skills programs.

NOTE 6 DEFINED BENEFIT PENSION PLANS

A. 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) and Teachers Retirement Fund (TRA). PERA's and TRA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA's and TRA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Plan (General Employees Plan)

GERF covers certain full-time and certain part-time employees of the District, other than teachers. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Teachers Retirement Fund (TRA)

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

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

B. Benefits Provided

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

1. General Employees Plan Benefits

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

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

1. General Employees Plan Benefits (Continued)

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1.0% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

2. TRA Benefits

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

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	First Ten Years of Service	2.2% per Year
	All Years After	2.7% per Year
Coordinated	First Ten Years if Service Years Are Up to July 1, 2006	1.2% per Year
	First Ten Years if Service Years Are July 1, 2006 or After	1.4% per Year
	All Other Years of Service if Service Years Are Up to July 1, 2006	1.7% per Year
	All Other Years of Service if Service Years Are July 1, 2006 or After	1.9% per Year

With these provisions:

(a) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.

(b) 3% per year early retirement reduction factor for all years under normal retirement age.

(c) Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

Tier I Benefits (Continued)

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

Tier II Benefits

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

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

C. Contribution Rate

1. General Employees Plan 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 6.5% of their annual covered salary in fiscal year 2024 and the District was required to contribute 7.50% for Coordinated Plan members. The District’s contributions to the General Employees Plan for the year ended June 30, 2024 were $137,348. The District’s contributions were equal to the required contributions for each year as set by State Statute.

2. TRA Contributions

Per *Minnesota Statutes*, Chapter 354 contribution rates for the fiscal year for the coordinated plan were 7.75% for the employee and 8.75% for the employer. The District’s contributions to TRA for the plan’s fiscal year ended June 30, 2024, were $329,926.. The District’s contributions were equal to the required contributions for each year as set by State Statute.

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs

1. General Employees Plan Pension Costs

At June 30, 2024, the District reported a liability of $1,157,521 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 nonemployer 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 $31,953 for a total net pension liability of $1,189,474. associated with the District. 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 .021% at the end of the measurement period and .021% for the beginning of the period.

GERF Pension Costs		
District's Proportionate Share of the Net Pension Liability	$	1,157,521
State of Minnesota's Proportionate Share of the Net Liability Associated with the District		31,953
Total	$	1,189,474

For the year ended June 30, 2024, the District recognized pension expense of $134,834 for its proportionate share of the General Employee Plan's pension expense. In addition, the District recognized an additional $144 as pension expense (and 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 General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$	38,013	$	7,974
Changes in Actuarial Assumptions		187,386		317,267
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		-		43,287
Changes in Proportion		9,123		100,497
District Contributions Subsequent to the Measurement Date		137,348		-
Total	$	371,870	$	469,025

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Plan Pension Costs (Continued)

The $137,348 related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amounts
2025	$ (8,909)
2026	(219,957)
2027	19,474
2028	(25,111)

2. TRA Pension Costs

At June 30, 2024, the District reported a liability of $4,598,717 for its proportionate share of TRA's 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. The District's proportionate share was 0.0557% at the end of the measurement period and 0.0598% for the beginning of the measurement period.

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

Description	Amount
District's Proportionate Share of the TRA Net Pension Liability	$ 4,598,717
State's Proportionate Share of the Net Pension Liability Associated with the District	322,133
Total	$ 4,920,850

For the year ended June 30, 2024, the District recognized pension expense of $(284,449) It also recognized $(31,844) as a decrease to pension expense and grant revenue for the support provided by direct aid.

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

At June 30, 2024, the District reported its proportionate share of the TRA's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 45,590	$ 66,977
Changes in Actuarial Assumptions	535,728	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	17,058
Changes in Proportion	-	605,308
District Contributions Subsequent to the Measurement Date	329,926	-
Total	$ 911,244	$ 689,343

$329,926 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amounts
2025	$ (115,252)
2026	(181,296)
2027	404,506
2028	(151,887)
2029	(64,096)

3. Aggregate Pension Costs

At June 30, 2024, the District reported the following aggregate amounts related to pensions for all plans to which it contributes:

	PERA	TRA	Total
Net Pension Liability	$ 1,157,521	$ 4,598,717	$ 5,756,238
Deferred Outflows of Resources	371,870	911,244	1,283,114
Deferred Inflows of Resources	469,025	689,343	1,158,368
Pension Expense	134,978	(316,293)	(181,315)

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions:

GERF and TRA Assumptions

Assumptions	General Employees Plan	TRA
Inflation	2.25% per Year	2.50%
Active Member Payroll Growth	10.25% after one year to 3.00% after 27 years of service	2.85% to 8.85% before July 1, 2028 and 3.25% to 9.25% after June 30, 2028
Investment Rate of Return	7.00%	7.00%

PERA salary growth assumptions were based on a service-related table. PERA mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on Pub-2010 General Employee Mortality table. The tables are adjusted slightly to fit PERA's experience. PERA benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan. The assumption for long-term rate of return on pension plan investments 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 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

TRA pre-retirement mortality rates were based on the 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. Postretirement mortality rates were based on the RP-2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale. Post-disability mortality rates were based on the RP-2014 disabled retiree mortality table, without adjustment. TRA cost of living benefit increases 1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

Actuarial assumptions used in the June 30, 2023, valuation were based on the results of actuarial experience studies. The most recent four-year experience study for the PERA General Employees Plan was completed in 2022. The assumption changes were adopted and became effective with July 1, 2023 actuarial valuation.

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

The following changes in actuarial assumptions for PERA occurred in 2023:

- The investment return and single discount rates were changed from 6.5% to 7.00%.

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 year 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% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

F. Long-Term Expected Return on Investments

The State Board of Investment, which manages the investments of PERA and TRA, 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 arithmetic real rates of return for each major asset class are summarized in the following table:

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

G. Discount Rate

The discount rate used to measure the total GERF pension liability in 2023 was 7.00%. (6.50% at the prior measurement date). There was no change since the prior measurement date. 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.

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

G. Discount Rate (Continued)

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

H. 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:

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
General Employees Plan Discount Rate	6.00%	7.00%	8.00%
District's Proportionate Share of the General Employees Plan Net Pension Liability	$ 2,047,747	$ 1,157,521	$ 425,276
TRA Discount Rate	6.00%	7.00%	8.00%
District's Proportionate Share of the TRA Net Pension Liability	$ 7,334,615	$ 4,598,717	$ 2,359,051

I. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's 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.

Detailed information about TRA's fiduciary net position is available in a separately-issued TRA financial report. That report can be obtained at www.MinnesotaTRA.org; by writing to TRA at 60 Empire Drive, Suite 400, St. Paul, Minnesota, 55103-2088; or by calling 651 296-2409 or 1-800-657-3669.

NOTE 7 DEFINED CONTRIBUTION PLAN

The District provides eligible employees future retirement benefits through the District's 403(b) Plan (the Plan). Employees of the District are eligible to participate in the Plan commencing on the date of their employment. Eligible employees may elect to have a percentage of their pay contributed to the Plan. Some employees are eligible to receive a District match of employee contributions up to the qualifying amounts set forth in their respective collective bargaining agreements. Contributions are invested in tax deferred annuities selected and owned by Plan participants. The amount of pension expense recognized by the employer in the reporting period ended June 30, 2024 was ($94,610).

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN

A. Plan Description

The District operates a single-employer retiree defined benefit plan (the Plan) that provides health insurance to eligible employees and their spouses through the District's health insurance plan. There are 102 active participants and 11 retired participants. Benefit and eligibility provisions are established through negotiations between the District and various unions representing District employees and are renegotiated each two-year bargaining period. There are no assets accumulated in a trust and the plan is currently being funded on a pay as you go basis.

B. Benefits Provided

Teachers hired before July 1, 2001, with 15 years of service to the District or 30 years in the state of Minnesota who have reached age 55, the District will contribute 5 days per year pf service times their daily rate of pay at the time of retirement up to a maximum of $39,000 minus the District's contributions to the 403(b) matching plan to their VEBA in 5 equal annual installments. The VEBA account credit can be used for spouse coverage, Additionally, the District will contribute a matching contribution based on years of service up to a lifetime maximum of $31,000.

Principals hired before July 1, 2001, with 15 years of service who have reached age 55 the District will contribute 45% of their annual salary at retirement up to a maximum of $55,000 reduced by the District's contributions to the 403(b) matching plan to their VEBA in 5 equal annual installments. The VEBA account credit can be used for spouse coverage. Additionally, the District will contribute a matching contribution based on years of service up to a lifetime maximum of $40,000.

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

C. Actuarial Methods and Assumptions

The District's OPEB liability was measured as of July 1, 2023, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2023, and rolled forward to a measurement date of July 1, 2023 using the following actuarial assumptions, applied to all periods included in the measurement, unless specified otherwise:

Inflation Rate	2.50%
Salary Increases	n/a
Medical Trend Rate	6.50% Decreasing to 5.00% over 6 years and then to 4.00% over the next 48 years (6.25% decreasing to 5.00% over 6 years and then 4.00% over the next 48 years)

Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale (PP-2020 Generational Improvement Scale at the prior measurement date).

The discount rate used to measure the total OPEB liability was 3.9% (3.8% on the previous measurement date). The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds.

D. Changes in the Total OPEB Liability

	Increase (Decrease) Total OPEB Liability
Balances at June 30, 2022	$ 525,742
Changes for the Year:	
Service Cost	19,562
Interest on the Total OPEB Liability	19,082
Differences Between Expected and Actual Experience	347
Change in Assumptions	2,292
Plan Changes	(5,634)
Benefit Payments	(87,098)
Net Changes	(51,449)
Balances at June 30, 2023	$ 474,293

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

E. Sensitivity Results

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

	1% Decrease 2.90%	Current Discount Rate 3.90%	1% Increase 4.90%
Total OPEB Liability	$ 491,368	$ 474,293	$ 457,815

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 1% lower or 1% higher than the current healthcare cost trend rate:

Medical Trend Rate	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Total OPEB Liability	$ 456,412	$ 474,293	$ 495,648

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

For the year ended June 30, 2024, the District recognized OPEB expense of $(10,311).

At June 30, 2024, the District reported its proportionate share of the OPEB deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ -	$ 110,726
Changes in Actuarial Assumptions	13,759	15,696
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-
Changes in Proportion and Differences Between District Contributions Made and the District's Proportionate Share of Contributions		
District Payment of Benefits Subsequent to the Measurement Date	84,646	-
Total	$ 98,405	$ 126,422

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

F. OPEB Expense and Deferred Outlaws and Deferred Inflows of Resources Related to OPEB (Continued)

$84,646 reported as deferred outflows of resources related to OPEB resulting from District payment of benefits to OPEB subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2025.

Year Ending June 30,	OPEB Expense Amounts
2025	$ (43,271)
2026	(43,267)
2027	(23,233)
2028	(3,340)
2029	448

NOTE 9 STEWARDSHIP AND ACCOUNTABILITY

Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following fund:

	Budget	Expenditures	Excess
General Fund	$ 9,904,704	$ 9,951,112	$ 46,408
Special Revenue Funds:			
Food Service Fund	471,127	513,298	42,171
Community Service Fund	314,812	335,831	21,019

These excess expenditures were funded with higher than anticipated revenues and existing fund balances.

Due To/From Other Funds

A due from other funds of $159,287 is recorded in the general fund, and a corresponding due to other funds is recorded in the community service fund. The purpose of this interfund balance is to eliminate negative cash in the community service fund. The amount is expected to be repaid within one year.

NOTE 10 RISK MANAGEMENT

The District continues to carry commercial insurance for loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters and workers compensation. There has been no significant reduction in insurance coverage from the previous year in any of the District's policies. In addition, there have been no settlements in excess of the District's insurance coverage in any of the prior three years.

NOTE 11 COMMITMENTS AND CONTINGENCIES

Federal and State Receivables

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

NOTE 12 RESTATEMENT

Due to a policy change, some group equipment purchases that occurred in the prior year were not capitalized. Effective July 1, 2023 and after, these assets now to be capitalized. As a result, the net position of governmental activities was restated as of July 1, 2023. The effect of the restatement is as follows:

	Governmental Activities
Net Position on July 1, 2023, As Previously Reported	$ 621,476
Prior Period Adjustments - Change in Accounting Policy:	
Group Purchases of Equipment Assets,	
Net of Accumulated Depreciation	470,561
Net Position on July 1, 2023, As Restated	$ 1,092,037

NOTE 13 JOINTLY GOVERNED ORGANIZATION

The District is a member of the Southern Plains Education Cooperative. The Southern Plains Education Cooperative was established with the primary objective to provide specialized services for special education students, as defined by state law, and to provide other programs and services as approved by the Joint Powers Governing Board. The Cooperative was established by six separate member districts. Each member district shares in the cost of the programming, which is paid to the education district in the form of membership fees, reimbursements, and other charges for services. The education district is able to recover the cost of its programs through the previously mentioned revenue sources.

NOTE 14 SUBSEQUENT EVENT

In August 2024, the District issued G.O. School Building Bonds, Series 2024A totaling $64,700 to be used for the purpose of the acquisition and betterment of school sites and facilities.

REQUIRED SUPPLEMENTARY INFORMATION

MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Property Taxes	$ 1,371,014	$ 1,321,172	$ 1,368,391	$ 47,219
Investment Income	100,000	125,000	161,973	36,973
Other	122,750	255,000	604,231	349,231
State Sources	7,463,555	7,634,417	7,512,613	(121,804)
Federal Sources	160,208	247,176	252,615	5,439
Total Revenues	9,217,527	9,582,765	9,899,823	317,058
EXPENDITURES				
Current:				
Administration	825,843	802,106	781,365	(20,741)
District Support Services	273,865	334,751	343,613	8,862
Elementary and Secondary Regular Instruction	3,941,326	3,855,205	4,225,020	369,815
Vocational Education Instruction	207,260	264,538	238,904	(25,634)
Special Education Instruction	1,412,207	1,492,898	1,433,886	(59,012)
Instructional Support Services	541,816	568,872	596,574	27,702
Pupil Support Services	899,787	858,336	800,676	(57,660)
Sites and Buildings	1,307,711	1,302,198	1,124,516	(177,682)
Fiscal and Other Fixed Cost Programs	110,000	184,000	189,851	5,851
Capital Outlay	313,000	241,800	216,707	(25,093)
Debt Service:				
Total Expenditures	9,832,815	9,904,704	9,951,112	46,408
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(615,288)	(321,939)	(51,289)	270,650
OTHER FINANCING SOURCES				
Sale of Equipment	-	3,500	3,520	20
Total Other Financing Sources	-	3,500	3,520	20
NET CHANGES IN FUND BALANCE	$ (615,288)	$ (318,439)	(47,769)	$ 270,670
FUND BALANCE				
Beginning of Year			3,972,527	
End of Year			$ 3,924,758	

MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Investment Income	$ 1,000	$ 5,000	$ 8,749	$ 3,749
Other	18,500	18,500	33,176	14,676
State Sources	139,200	188,700	241,711	53,011
Federal Sources	280,800	276,628	308,573	31,945
Total Revenues	439,500	488,828	592,209	103,381
EXPENDITURES				
Current:				
Food Service	479,030	471,127	513,298	42,171
Capital Outlay	-	-	-	-
Total Expenditures	479,030	471,127	513,298	42,171
NET CHANGES IN FUND BALANCE	$ (39,530)	$ 17,701	78,911	$ 61,210
FUND BALANCE				
Beginning of Year			218,281	
End of Year			$ 297,192	

MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
COMMUNITY SERVICE FUND
YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Property Taxes	$ 55,790	$ 53,799	$ 54,383	$ 584
Other - Primarily Tuition and Fees	111,000	111,750	135,597	23,847
State Sources	44,200	43,544	43,777	233
Total Revenues	210,990	209,093	233,757	24,664
EXPENDITURES				
Current:				
Community Service	347,637	314,312	333,507	19,195
Capital Outlay	500	500	2,324	1,824
Total Expenditures	348,137	314,812	335,831	21,019
NET CHANGES IN FUND BALANCE	$ (137,147)	$ (105,719)	(102,074)	$ 3,645
FUND BALANCE				
Beginning of Year			(120,230)	
End of Year			$ (222,304)	

MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S OPEB LIABILITY AND RELATED RATIOS
LAST SIX MEASUREMENT PERIODS

	2024	2023	2022	2021	2020	2019
Total OPEB Liability						
Measurement Date	July 1, 2023	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018
Service Cost	$ 19,562	$ 23,151	$ 29,699	$ 33,494	$ 28,634	$ 39,403
Interest	19,082	12,288	18,727	24,785	33,415	35,339
Changes of Benefit Terms	-	-	-	11,914	3,159	-
Difference Between Expected and Actual Experience	347	-	(142,912)	-	(137,451)	-
Changes of Assumptions	2,292	(22,333)	9,460	16,484	(2,818)	-
Plan Changes	(5,634)					
Benefit Payments	(87,098)	(98,164)	(106,459)	(97,581)	(128,283)	(112,942)
Administrative Expenses	-	-	(1,242)	-	-	-
Net Change in Total OPEB Liability	(51,449)	(85,058)	(192,727)	(10,904)	(203,344)	(38,200)
Total OPEB Liability - Beginning	525,742	610,800	803,527	814,431	1,017,775	1,055,975
Total OPEB Liability - Ending	$ 474,293	$ 525,742	$ 610,800	$ 803,527	$ 814,431	$ 1,017,775
Net OPEB Liability	$ 474,293	$ 525,742	$ 610,800	$ 803,527	$ 814,431	$ 1,017,775
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's Covered-Employee Payroll	$ 4,488,586	$ 4,759,135	$ 4,759,135	$ 4,976,949	$ 4,831,989	$ 4,908,168
District's Net OPEB Liability as a Percentage of the Covered-Employee Payroll	10.57%	11.05%	12.83%	16.14%	16.85%	20.74%

Note 1: The District implemented GASB Statement No. 75 in fiscal year 2018, and the above table will be expanded to 10 years as the information becomes available.

Note 2: No assets are accumulated in a trust.

See accompanying Notes to Required Supplementary Information.

MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN MEASUREMENT PERIODS

Fiscal Year	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
General Employees Plan										
District's Proportion of the Net Pension Liability	0.0207%	0.0212%	0.0240%	0.0234%	0.0235%	0.0238%	0.0243%	0.0231%	0.0230%	0.0245%
District's Proportionate Share of the Net Pension Liability	$ 1,157,521	$ 1,679,047	$ 1,024,908	$ 1,402,937	$ 1,299,262	$ 1,320,326	$ 1,551,296	$ 1,875,605	$ 1,191,979	$ 1,150,887
State's Proportionate Share of the Net Pension Liability Associated with the District	31,953	$ 49,167	31,257	43,223	40,498	43,343	19,481	24,494	-	-
Total	$ 1,189,474	$ 1,728,214	$ 1,056,165	$ 1,446,160	$ 1,339,760	$ 1,363,669	$ 1,570,777	$ 1,900,099	$ 1,191,979	$ 1,150,887
District's Covered Payroll	$ 1,653,030	$ 1,578,955	$ 1,718,013	$ 1,567,507	$ 1,533,080	$ 1,499,120	$ 1,496,147	$ 1,333,720	$ 1,346,480	N/A
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	71.96%	109.45%	61.48%	92.26%	87.39%	90.96%	104.99%	142.47%	88.53%	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.10%	76.67%	79.06%	80.20%	79.50%	75.90%	68.90%	78.20%	78.20%	78.70%
TRA										
District's Proportion of the Net Pension Liability	0.0557%	0.0598%	0.0621%	0.0634%	0.0660%	0.0666%	0.0607%	0.0645%	0.0607%	0.0626%
District's Proportionate Share of the Net Pension Liability	$ 4,598,717	$ 4,788,468	$ 2,717,682	$ 4,684,077	$ 4,206,854	$ 4,181,761	$ 13,074,988	$ 15,384,789	$ 3,754,895	$ 2,884,563
State's Proportionate Share of the Net Pension Liability Associated with District	322,133	355,107	229,208	392,464	372,082	392,705	1,263,360	1,544,795	460,267	202,914
Total	$ 4,920,850	$ 5,143,575	$ 2,946,890	$ 5,076,541	$ 4,578,936	$ 4,574,466	$ 14,338,348	$ 16,929,584	$ 4,215,162	$ 3,087,477
District's Covered Payroll	$ 3,500,424	$ 3,710,863	$ 3,717,023	$ 3,685,720	$ 3,747,017	$ 3,678,400	$ 3,526,333	$ 3,357,413	$ 3,119,533	$ 7,811,419
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	131.38%	129.04%	73.11%	127.09%	112.27%	113.68%	370.78%	458.23%	120.37%	36.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.42%	76.17%	75.48%	78.21%	78.07%	51.57%	44.88%	76.80%	76.80%	81.50%

See accompanying Notes to Required Supplementary Information.

MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS

General Employees Plan	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 137,348	$ 123,977	$ 118,251	$ 128,851	$ 117,563	$ 114,981	$ 112,434	$ 112,211	$ 100,029	$ 100,986
Contributions in Relation to the Contractually Required Contribution	(137,348)	(123,977)	(118,251)	(128,851)	(117,563)	(114,981)	(112,434)	(112,211)	(100,029)	(100,986)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 1,831,309	$ 1,653,030	$ 1,578,955	$ 1,718,013	$ 1,567,507	$ 1,533,080	$ 1,499,120	$ 1,496,147	$ 1,333,720	$ 1,346,480
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%

TRA	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 329,926	$ 300,235	$ 310,573	$ 302,194	$ 291,909	$ 288,895	$ 275,880	$ 264,475	$ 251,806	$ 233,965
Contributions in Relation to the Contractually Required Contribution	(329,926)	(300,235)	(310,573)	(302,194)	(291,909)	(288,895)	(275,880)	(264,475)	(251,806)	(233,965)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 3,776,436	$ 3,500,424	$ 3,710,863	$ 3,717,023	$ 3,685,720	$ 3,747,017	$ 3,678,400	$ 3,526,333	$ 3,357,413	$ 3,119,533
Contributions as a Percentage of Covered Payroll	8.74%	8.58%	8.37%	8.13%	7.92%	7.71%	7.50%	7.50%	7.50%	7.50%

See accompanying Notes to Required Supplementary Information.

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended June 30:

2023

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 6.50% to 7.00%, for financial reporting purposes.

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% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2021

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020

Changes in Actuarial Assumptions

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

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2020 (Continued)

Changes in Actuarial Assumptions (Continued)

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

Changes in Plan Provisions

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

2019

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018

Changes in Actuarial Assumption

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed postretirement benefit increase was changed from 1.0% per year through 2044 and 2.50% per year thereafter to 1.25% per year.
- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2018 (Continued)

Changes in Plan Provisions

- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50% beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

Changes in Actuarial Assumption

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and nonvested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability, and 3.0% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5 % per year thereafter.

Changes in Plan Provisions

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

2016

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all future years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate was changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2015

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2035 and 2.50% per year thereafter.

Changes in Plan Provisions

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

The following changes were reflected in the valuation performed on behalf of the Teachers Retirement Association for the year ended June 30:

2023

Changes in Actuarial Assumptions

- There were no changes in actuarial assumptions for financial reporting purposes.

2022

Changes in Actuarial Assumptions

- There were no changes in actuarial assumptions for financial reporting purposes.

2021

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 7.00%, for financial reporting purposes.

2020

Changes in Actuarial Assumptions

- The COLA was reduced from 2.0% each January to 1.0, effective January 2019. Beginning January 1, 2024, the COLA will increase .01% each year until reaching the ultimate rate of 1.5% on January 1, 2028.
- Beginning July 1, 2024, eligibility for first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2020 (Continued)

Changes in Actuarial Assumptions

- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to 0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 2 years (8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.5% to 7.75% on July 1, 2023. The state provides funding for the contribution rate through an adjustment in the school aid formula.

2019

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

2018

Changes in Actuarial Assumptions

- The investment return assumption was changed from 8.5% to 7.5%.
- The price inflation assumption was lowered from 3.0% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The wage inflation assumption (above price inflation) was reduced from 0.75% to 0.35% for the next 10 years, and 0.75% thereafter.
- The total salary increase assumption was adjusted by the wage inflation change.
- The amortization date for the funding of the Unfunded Actuarial Accrual Liability (UAAL) was reset to June 30, 2048 (30 years).
- The mechanism in the law that provided the TRA Board with some authority is set contribution rates was eliminated.

Changes in Plan Provisions

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2018 (Continued)

Changes in Plan Provisions (Continued)

- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to 0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 4 years, (7.92% in 2019, 8.13% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2017

Changes in Actuarial Assumptions

- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- Adjustment were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the nonvested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The COLA was not assumed to increase to 2.5%, but remain at 2.0% for all future years.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for 10 years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2016

Changes in Actuarial Assumptions

- The cost of living adjustment was not assumed to increase (it remained at 2.0% for all future years).
- The price inflation assumption was lowered from 3.0% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes at some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back 6 years, and female rates set back 5 years. Generational projection uses the MP-2015 scale.
- The postretirement mortality assumption was changed to the RP-2014 white collar annuitant table, male rates set back 3 years and female rates set back 3 years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
- The post-disability mortality assumption was changed to the RP-2014 disabled retiree mortality table, without adjustments.
- Separate retirement assumptions for members hired before or after July 1, 1989 were created to better reflect each group’s behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional forms of payment at retirement were made.

2015

Changes in Actuarial Assumptions

- The cost of living adjustment was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2037.
- The investment return assumption was changed from 8.25% to 8.0%.

Changes in Plan Provisions

- The Duluth Teachers Retirement Fund Association was merged into TRA on June 30, 2015. This also resulted in a state-provided contribution stream of $14.377 million until the System becomes fully funded.

2014

Changes in Actuarial Assumptions

- The cost of living adjustment was assumed to increase from 2.0% annually to 2.5% annually once the legally specified criteria was met. This was estimated to occur July 1, 2031.

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2014 (Continued)

Changes in Plan Provisions

- The increase in the postretirement benefit adjustment (COLA) will be made once the System is 90% funded (on a market value basis) in two consecutive years, rather than just one year.

NOTE 2 CHANGES IN SIGNIFICANT OTHER POSTEMPLOYMENT BENEFIT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

The following changes were reflected in the valuation performed on behalf of the District's other postemployment benefits plan for the year ended June 30:

2023

Changes in Actuarial Assumptions

- The discount rate was changed from 3.80% to 3.90%.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.

2022

Changes in Actuarial Assumptions

- The discount rate was changed from 2.10% to 3.80%.

2022

Changes in Actuarial Assumptions

- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale.
- The inflation rate was changed from 2.50% to 2.00%.
- The discount rate was changed from 2.40% to 2.10%.

2021

Changes in Actuarial Assumptions

- The discount rate was changed from 3.10% to 2.40%.

NOTE 2 CHANGES IN SIGNIFICANT OTHER POSTEMPLOYMENT BENEFIT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2020

Changes in Actuarial Assumptions

- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 Generational Improvement Scale.
- The discount rate was changed from 3.10% to 2.40%.

2019

Changes in Actuarial Assumptions

- There were no changes in actuarial assumptions.

NOTE 3 BUDGETING

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

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

Total fund expenditures in excess of the budget require approval of the Board of Education. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at line item levels. Budget provisions for the Debt Service Fund are set by state law governing required debt service levels.

OTHER REQUIRED REPORTS

CliftonLarsonAllen LLP
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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*

Board of Education
Martin County West Schools
Independent School District No. 2448
Sherburn, 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 Martin County West Schools Independent School District No. 2448 (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 26, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs listed as item 2024-001 that we consider to be a material weakness.

Board of Education
Martin County West Schools
Independent School District No. 2448

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*.

Martin County West Schools Independent School District No. 2448'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 questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Rochester, Minnesota
December 26, 2024

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Education
Martin County West Schools
Independent School District No. 2448
Sherburn, 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 the District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 26, 2024.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the contracting-bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards sections of the *Minnesota Legal Compliance Audit Guide*, 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.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Rochester, Minnesota
December 26, 2024

Section I – Financial Statement Findings

FINDING: 2024-001 **ANNUAL FINANCIAL REPORTING UNDER GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)**

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

Condition or Specific Requirement: The District has a control in place for the review of the drafted financial statements. However, the District does not have the expertise to ensure all disclosures required by accounting principles generally accepted in the United States of America are included in the annual financial statements.

Criteria: The District should have controls in place to prevent or detect an omission of a material disclosures in the annual financial statements.

Effect: The potential exists that a material disclosure could be omitted from the financial statements and not be prevented, or detected and corrected, by the District's internal controls.

Cause: The District's does not have the expertise to draft the notes to the financial statements; however, they have reviewed and approved the annual financial statements as prepared by the audit firm.

Repeat Finding: Yes. 2023-001.

Recommendation: The District should continue to evaluate their internal staff capacity to determine if an internal control policy over the annual financial reporting is beneficial.

Views of Responsible Officials and Planned Corrective Actions: There is no disagreement with the findings. The District has informed us that they have engaged another professional services firm to assist in accounting functions.

Section I – Financial Statement Findings (Continued)

FINDING: 2024-001 ANNUAL FINANCIAL REPORTING UNDER GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) (CONTINUED)

CORRECTIVE ACTION PLAN (CAP):

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

Actions Planned in Response to Finding:
The Business Manager reviews the drafted financial statements and notes. The District does not have the expertise to ensure all disclosures required by GAAP are included in the financial statements. Accordingly, the District will continue to engage the auditors to prepare the financial statements and related disclosures. However, the Business Manager will review the notes for accuracy and compare the balances to UFARS and other District reports prior to issuance of the statements.

Official Responsible for Ensuring CAP:
Cori Reynolds, Superintendent is the official responsible for ensuring corrective action of the deficiency.

Planned Completion Date for CAP:
June 30, 2025

Plan to Monitor Completion of CAP:
Cori Reynolds, Superintendent, will ensure the review by the Business Manager has been completed. She will do this through discussions with the Business Manager and reviewing the draft of the financial statements.

Section II – Findings and Questioned Costs – Minnesota Legal Compliance

Our audit did not disclose any matters required to be reported in accordance with *Minnesota Legal Compliance Audit Guide for School Districts.*

MARTIN COUNTY WEST SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2448
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS COMPLIANCE TABLE
JUNE 30, 2024

	Audit	UFARS	Difference
01 GENERAL FUND			
Total Revenue	$ 9,899,823	$ 9,899,827	$ (4)
Total Expenditures	$ 9,951,112	$ 9,951,116	$ (4)
Nonspendable:			
460 Nonspendable Fund Balance	$ 18,226	$ 18,226	$ -
Restricted/Reserved:			
401 Student Activities	$ 195,173	$ 195,173	$ -
403 Staff Development	$ 5,468	$ 5,468	$ -
406 Health and Safety	$ -	$ -	$ -
407 Capital Project Levy	$ -	$ -	$ -
408 Cooperative Revenue	$ -	$ -	$ -
413 Project Funded by COP	$ -	$ -	$ -
414 Operating Debt	$ -	$ -	$ -
416 Levy Reduction	$ -	$ -	$ -
417 Taconite Building Maint	$ -	$ -	$ -
424 Operating Capital	$ 659,240	$ 659,240	$ -
426 $25 Taconite	$ -	$ -	$ -
427 Disabled Accessibility	$ -	$ -	$ -
428 Learning & Development	$ -	$ -	$ -
434 Area Learning Center	$ -	$ -	$ -
435 Contracted Alt. Programs	$ -	$ -	$ -
436 State-Approved Alt. Programs	$ -	$ -	$ -
438 Gifted & Talented	$ -	$ -	$ -
440 Teacher Development and Evaluations	$ -	$ -	$ -
441 Basic Skills Programs	$ 357,472	$ 357,472	$ -
445 Career Tech Programs	$ -	$ -	$ -
448 Achievement and Integration	$ -	$ -	$ -
449 Safe Schools Crime - Crime Levy	$ 71,601	$ 71,601	$ -
451 QZAB Payments	$ -	$ -	$ -
452 OPEB Liab Not in Trust	$ -	$ -	$ -
453 Unfunded Sev & Retiremt Levy	$ -	$ -	$ -
459 Basic Skills Extended Time	$ -	$ -	$ -
467 LTFM	$ 49,226	$ 49,226	$ -
471 Student Support Personnel Aid	$ 40,000	$ 40,000	$ -
472 Medical Assistance	$ 168,119	$ 168,119	$ -
Restricted:			
464 Restricted Fund Balance	$ -	$ -	$ -
475 Title VII Impact Aid	$ -	$ -	$ -
476 Payments in Lieu of Taxes	$ -	$ -	$ -
Committed:			
418 Committed for Separation	$ -	$ -	$ -
461 Committed Fund Balance	$ -	$ -	$ -
Assigned:			
462 Assigned Fund Balance	$ -	$ -	$ -
Unassigned:			
422 Unassigned Fund Balance	$ 2,360,233	$ 2,360,234	$ (1)
02 FOOD SERVICES			
Total Revenue	$ 592,209	$ 592,206	$ 3
Total Expenditures	$ 513,298	$ 513,297	$ 1
Nonspendable:			
460 Nonspendable Fund Balance	$ 12,249	$ 12,249	$ -
Restricted/Reserved:			
452 OPEB Liab Not in Trust	$ -	$ -	$ -
Restricted:			
464 Restricted Fund Balance	$ 284,943	$ 284,943	$ -
Unassigned:			
463 Unassigned Fund Balance	$ -	$ -	$ -
04 COMMUNITY SERVICE			
Total Revenue	$ 233,757	$ 233,755	$ 2
Total Expenditures	$ 335,831	$ 335,830	$ 1
Nonspendable:			
460 Nonspendable Fund Balance	$ -	$ -	$ -
Restricted/Reserved:			
426 $25 Taconite	$ -	$ -	$ -
431 Community Education	$ 50,672	$ 50,672	$ -
432 E.C.F.E.	$ 17,440	$ 17,440	$ -
440 Teacher Development and Evaluations	$ -	$ -	$ -
444 School Readiness	$ (295,923)	$ (295,923)	$ -
447 Adult Basic Education	$ -	$ -	$ -
452 OPEB Liab Not in Trust	$ -	$ -	$ -
Restricted:			
464 Restricted Fund Balance	$ 5,507	$ 5,507	$ -
Unassigned:			
463 Unassigned Fund Balance	$ -	$ -	$ -

	Audit	UFARS	Difference
06 BUILDING CONSTRUCTION			
Total Revenue	$ -	$ -	$ -
Total Expenditures	$ -	$ -	$ -
Nonspendable:			
460 Nonspendable Fund Balance	$ -	$ -	$ -
Restricted/Reserved:			
407 Capital Projects Levy	$ -	$ -	$ -
413 Project Funded by COP	$ -	$ -	$ -
467 LTFM	$ -	$ -	$ -
Restricted:			
464 Restricted Fund Balance	$ -	$ -	$ -
Unassigned:			
463 Unassigned Fund Balance	$ -	$ -	$ -
07 DEBT SERVICE			
Total Revenue	$ 533,833	$ 533,834	$ (1)
Total Expenditures	$ 754,800	$ 754,800	$ -
Nonspendable:			
460 Nonspendable Fund Balance	$ -	$ -	$ -
Restricted/Reserved:			
425 Bond Refunding	$ -	$ -	$ -
433 Maximum Effort Loan Aid	$ -	$ -	$ -
451 QZAB Payments	$ -	$ -	$ -
Restricted:		$ -	
464 Restricted Fund Balance	$ 269,709	$ 269,709	$ -
Unassigned:			
463 Unassigned Fund Balance	$ -	$ -	$ -
08 TRUST			
Total Revenue	$ -	$ -	$ -
Total Expenditures	$ -	$ -	$ -
422 Unassigned Fund Balance (Net Assets)	$ -	$ -	$ -
18 CUSTODIAL			
Total Revenue	$ -	$ -	$ -
Total Expenditures	$ -	$ -	$ -
Restricted/Reserved:			
402 Scholarships	$ 7,954	$ 7,954	$ -
20 INTERNAL SERVICE			
Total Revenue	$ -	$ -	$ -
Total Expenditures	$ -	$ -	$ -
422 Unassigned Fund Balance (Net Assets)	$ -	$ -	$ -
25 OPEB REVOCABLE TRUST			
Total Revenue	$ -	$ -	$ -
Total Expenditures	$ -	$ -	$ -
422 Unassigned Fund Balance (Net Assets)	$ -	$ -	$ -
45 OPEB IRREVOCABLE TRUST			
Total Revenue	$ -	$ -	$ -
Total Expenditures	$ -	$ -	$ -
422 Unassigned Fund Balance (Net Assets)	$ -	$ -	$ -
47 OPEB DEBT SERVICE			
Total Revenue	$ -	$ -	$ -
Total Expenditures	$ -	$ -	$ -
Nonspendable:			
460 Nonspendable Fund Balance	$ -	$ -	$ -
Restricted:			
425 Bond Refundings	$ -	$ -	$ -
464 Restricted Fund Balance	$ -	$ -	$ -
Unassigned:			
463 Unassigned Fund Balance	$ -	$ -	$ -