

**MINNESOTA NORTH ITASCA STUDENT HOUSING**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2024**

DRAFT

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## INDEPENDENT AUDITORS' REPORT

Dr. Michael Raich, President  
Minnesota North Itasca Student Housing  
Minnesota State Colleges and Universities  
Grand Rapids, Minnesota

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the Minnesota State Colleges and Universities, Minnesota North Itasca Student Housing (the Organization), Grand Rapids, Minnesota, an Enterprise Fund of Minnesota North College, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Organization'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 Organization, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Emphasis of Matters***

As discussed in Note 1, the financial statements present only the Minnesota North Itasca Student Housing and do not purport to, and do not present fairly the financial position of Minnesota North College or Minnesota State Colleges and Universities as of June 30, 2024, the changes in its financial position, or cash flows for the year then ended in accordance with accounting principles generally accepted in the United State of America. Our opinion is not modified with respect to this matter.

#### ***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 Organization 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.

#### ***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.

Dr. Michael Raich, President  
Minnesota North Itasca Student Housing  
Minnesota State Colleges and Universities

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.

### ***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 Organization'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 Organization'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 Organization's ability to continue as a going concern for a reasonable period of time.

Dr. Michael Raich, President  
Minnesota North Itasca Student Housing  
Minnesota State Colleges and Universities

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

The Organization has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Organization's basic financial statements. The combining statement of net position – by facility, combining statement of revenues, expenses and changes in net position – by facility, and combining statement of cash flows – by facility are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statement of net position – by facility, combining statement of revenues, expenses and changes in net position – by facility, and combining statement of cash flows – by facility are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statement of net position – by facility, combining statement of revenues, expenses and changes in net position – by facility, and combining statement of cash flows – by facility are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Dr. Michael Raich, President  
Minnesota North Itasca Student Housing  
Minnesota State Colleges and Universities

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

In accordance with *Government Auditing Standards*, we have also issued our report dated REPORT DATE, on our consideration of the Organization’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 Organization’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 Organization’s internal control over financial reporting and compliance.

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
REPORT DATE

DRAFT

**MINNESOTA NORTH ITASCA STUDENT HOUSING  
STATEMENT OF NET POSITION  
JUNE 30, 2024**

**ASSETS**

**CURRENT ASSETS**

Cash	\$	906,305
Accounts Receivable, Net		20,022
Total Current Assets		926,327

**NONCURRENT ASSETS**

Restricted Cash and Investments:		
Reserve Account		191,559
Repair and Replacement Account		128,272
Total Restricted Investments		319,831
Capital Assets, Net of Accumulated Depreciation:		
Buildings		1,885,194
Total Noncurrent Assets		2,205,025

**DEFERRED OUTFLOWS OF RESOURCES**

Pension Related		13,916
OPEB Related		2,727
Total Deferred Outflows of Resources		16,643
Total Assets and Deferred Outflows of Resources	\$	3,147,995

**LIABILITIES, DEFERRED INFLOWS OF  
RESOURCES, AND NET POSITION**

**CURRENT LIABILITIES**

Payable to Other Funds	\$	3,338
Salaries Payable		2,668
Unearned Revenue		7,332
Other Compensation Benefits		1,045
Other Post-Employment Benefits - Current		678
Revenue Bonds Payable		160,000
Total Current Liabilities		175,061

**NONCURRENT LIABILITIES**

Other Compensation Benefits		7,662
Net Pension Liability		43,736
Other Postemployment Benefits Liability		8,289
Revenue Bonds Payable, Net of Discount		340,000
Total Noncurrent Liabilities		399,687

**DEFERRED INFLOWS OF RESOURCES**

Pension Related		8,516
OPEB Related		1,140
Total Deferred Inflows of Resources		9,656
Total Liabilities and Deferred Inflows of Resources		584,404

**NET POSITION**

Net Investment in Capital Assets		1,385,194
Restricted for Bond Covenants		319,831
Unrestricted		858,566
Total Net Position		2,563,591
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$	3,147,995

See accompanying Notes to Financial Statements.

**MINNESOTA NORTH ITASCA STUDENT HOUSING  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2024**

**OPERATING REVENUES**

Room and Board	\$ 483,050
Sales and Services	20,823
Other Income	3,166
Total Operating Revenues	507,039

**OPERATING EXPENSES**

Salaries	173,367
Purchased Services	53,541
Supplies	33,608
Repairs and Maintenance	-
Depreciation	118,584
Other Expense	53,609
Total Operating Expenses	432,709

**OPERATING INCOME**

74,330

**NONOPERATING REVENUES (EXPENSES)**

Transfer to Other Funds	(16,370)
Investment Income	15,105
Interest Expense	(20,725)
Total Nonoperating Expenses	(21,990)

**CHANGE IN NET POSITION**

52,340

**NET POSITION**

Beginning of Year	2,511,251
End of Year	\$ 2,563,591

See accompanying Notes to Financial Statements.



**MINNESOTA NORTH ITASCA STUDENT HOUSING  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2024**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from Customers and Users	\$ 558,634	
Payments to Suppliers	(308,545)	
Payments to Employees	(176,699)	
Net Cash Provided by Operating Activities	73,390	

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Principal Paid on Debt	(155,000)	
Interest Paid on Debt	(20,725)	
Net Cash Used by Capital and Related Financing Activities	(175,725)	

**CASH FLOWS FROM INVESTING ACTIVITIES**

Transfers to Other Funds	(16,370)	
Interest and Dividends Received	15,105	
Purchase of Investments	(15,105)	
Net Cash Used by Investing Activities	(16,370)	

**NET DECREASE IN CASH**

(118,705)

Cash - Beginning of Year

1,025,010

**CASH - END OF YEAR**

\$ 906,305

**RECONCILIATION TO STATEMENT OF NET ASSETS**

Operating Cash and Cash Equivalents	\$ 906,305	
Restricted Cash and Cash Equivalents:		
Reserve Account	191,559	
Repair and Replacement Account	128,272	
Total Cash and Investments	\$ 1,226,136	

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating Income	\$ 74,330	
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	118,584	
(Increase) Decrease in Assets:		
Accounts Receivable	46,941	
Deferred Outflows	6,008	
Increase (Decrease) in Liabilities:		
Accounts Payable	(48,220)	
Payable to Other Funds	(119,567)	
Deferred Inflows	(8,309)	
Net Pension Liability	(5,955)	
Other Compensation Benefits	6,910	
Total Adjustments	(940)	
Net Cash Provided by Operating Activities	\$ 73,390	

See accompanying Notes to Financial Statements.

**MINNESOTA NORTH ITASCA STUDENT HOUSING**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Organization conform to accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

**A. Financial Reporting Entity**

The Organization is an Enterprise Fund of Minnesota North College, a member of Minnesota State Colleges and Universities, an agency of the state of Minnesota, established to provide housing for college students in the Grand Rapids, Minnesota area. These financial statements include only the operations of Minnesota North Itasca Student Housing.

**B. Basis of Accounting**

The basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. Accordingly, these financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are incurred. Minnesota North College reports as a business-type activity, as defined by GASB Statement No. 35.

**C. Cash**

As of June 30, 2024, the operating cash balance represents cash pooled with the accounts of Minnesota North College.

**D. Receivables**

Receivables are shown net of an allowance for uncollectibles of \$23,055. The receivable allowance ranges from 20% to 75% based on the age of each receivable at June 30, 2024.

**E. Capital Assets**

Capital assets are recorded at cost or, for donated assets, at acquisition value at the date of acquisition. The Organization's buildings are depreciated using the straight-line method over 35 years.

**F. Long-Term Liabilities**

Long-term liabilities include revenue bonds issued to construct the Itasca Residence Hall.

**MINNESOTA NORTH ITASCA STUDENT HOUSING**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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

**G. Deferred Outflows and Deferred Inflows of Resources**

Deferred outflows of resources represent the consumption of net position by the Organization in one period that is applicable to future periods. Deferred inflows of resources represent the acquisition of net position that is applicable to future periods. Deferred outflows and inflows are related to defined benefit pension plans, and to economic gains/losses related to revenue fund and general obligation bond refunding, which is a result of the difference in the carrying value of the refunded debt and its reacquisition price.

**H. Defined Benefit Pensions**

For purposes of measuring the net pension liability, deferred outflows and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to and deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, plan contributions are recognized as of the employer payroll paid dates and benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The actuarially derived net pension liability, deferred outflows, and deferred inflows of resources can vary between years due to actuarial assumption changes, which can result in significant variability between years.

**I. Compensated Absences**

The Organization employees accrue vacation, sick, and compensatory leave at various rates within limits specified in the collective bargaining agreements. The liability for compensated absences will be converted to a health care savings plan account or severance pay under specific conditions as defined in bargaining unit contracts. This leave is liquidated only at the time of termination from state employment.

**J. Other Postemployment Benefits**

Other postemployment benefits are health insurance benefits for certain retired employees under a single employer fully insured plan. Under the health benefits program, retirees are required to pay 100% of the total premium cost. Since the premium is a blended rate determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. Note 10 to the financial statements provides additional information.

**K. Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**MINNESOTA NORTH ITASCA STUDENT HOUSING  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 2 CASH BALANCES**

Minnesota Statutes Section 9.031 requires deposits be secured by depository insurance or a combination of depository insurance and collateral securities held in the state's name by an agent of the state. This statute further requires that such insurance and collateral shall be in amounts sufficient to ensure that the deposits do not exceed 90% of the sum of the insured amount and the fair value of the collateral. Minnesota State Colleges and Universities is responsible for ensuring compliance with state statutes and assessing risks with regard to the cash balances of the Organization.

**NOTE 3 RESTRICTED CASH AND INVESTMENTS**

Restricted investments totaling \$319,831 consist of various reserve accounts required by the \$1,970,000 restructured revenue bond invested in U.S. Bank Money Market Funds as follows:

- The bond account receives amounts from the Minnesota North College and distributes funds for bond debt service payments.
- The reserve account is a required reserve until final bond payments have been made.
- The repair and replacement account is a reserve set aside for future housing repairs.

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

Investment Type	Maturity	Level 1 Fair Value	Rating	Concentration Risk
Money Market	*	\$ 319,831	NR	N/A

NR = Not Rated

N/A = Not Subject To Concentration Risk Calculation

\* = No Stated Maturity Date

**Fair Value Measurements**

Student Housing uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

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

**MINNESOTA NORTH ITASCA STUDENT HOUSING  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 3 RESTRICTED CASH AND INVESTMENTS (CONTINUED)**

**Fair Value Measurements (Continued)**

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

*Level 1* – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

*Level 2* – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

*Level 3* – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity’s own assumptions about the assumptions market participants and would use in pricing the asset.

**NOTE 4 CAPITAL ASSETS**

As of June 30, 2024, the Organization had the following capital assets:

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024
Capital Assets:				
Buildings	\$ 4,150,429	\$ -	\$ -	\$ 4,150,429
Accumulated Depreciation	(2,146,651)	-	(118,584)	(2,265,235)
Total	<u>\$ 2,003,778</u>	<u>\$ -</u>	<u>\$ (118,584)</u>	<u>\$ 1,885,194</u>

**NOTE 5 LONG-TERM DEBT**

As of June 30, 2024, the Organization had the following long-term debt:

	Interest Rates	Original Issue	Principal Outstanding	Due Within One Year
Student Housing Lease Revenue Refunding Bonds, Series 2013, Issued through the Housing and Redevelopment Authority of Itasca County, Maturing in 2026	0.75% - 3.65%	<u>\$ 1,970,000</u>	<u>\$ 500,000</u>	<u>\$ 160,000</u>

**MINNESOTA NORTH ITASCA STUDENT HOUSING  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 5 LONG-TERM DEBT (CONTINUED)**

A summary of long-term obligations at June 30, 2024 and the changes during the fiscal year were as follows:

	Balance			Balance	
	June 30, 2023	Additions	Reductions	June 30, 2024	Due Within One year
Revenue Bonds	\$ 655,000	\$ -	\$ 155,000	\$ 500,000	\$ 160,000
Compensated Absences	8,431	276	-	8,707	1,045
Total	<u>\$ 663,431</u>	<u>\$ 276</u>	<u>\$ 155,000</u>	<u>\$ 508,707</u>	<u>\$ 161,045</u>

Interest paid during the year ended June 30, 2024 totaled \$20,725.

Minimum annual principal and interest payments required to retire bonds and liabilities are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 160,000	\$ 15,250	\$ 175,250
2026	340,000	6,205	346,205
Total	<u>\$ 500,000</u>	<u>\$ 21,455</u>	<u>\$ 521,455</u>

The bond documents require the pledging of housing dormitory revenues to fund the revenue bond requirements to the Itasca County Housing and Redevelopment Authority.

**NOTE 6 OTHER POSTEMPLOYMENT BENEFITS**

**Plan Description**

Student Housing provides health insurance benefits for certain retired employees under the Minnesota State Colleges and Universities Postretirement Medical Plan, a single employer fully insured plan, as required by Minnesota Statutes, 471.61, Subdivision 2B. Active employees who retire when eligible to receive a retirement benefit from a Minnesota public pension plan and do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the plan. Retirees are required to pay 100% of the total premium cost. Since the premium is a blended rate determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy.

As of the July 1, 2022 actuarial valuation, the following current and former employees were covered by benefit terms under the plan:

Active Employees	\$ 1
Inactive Employees or Beneficiaries	
Currently Receiving Benefits	-
Inactive Employees Entitled to But	
Not Yet Receiving Benefits	-
Total	<u>\$ 1</u>

**MINNESOTA NORTH ITASCA STUDENT HOUSING  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Actuarial Methods and Assumptions**

The total OPEB liability for Student Housing was measured as of June 30, 2023 and the total OPEB liability was determined by an actuarial valuation as of July 1, 2022 that was rolled forward to determine the June 30, 2024 total OPEB liability, based on the following actuarial assumptions:

Payroll Growth	3.00%
Inflation	2.25% per year
Initial Medical Trend Rate	8.40%
Ultimate Medical Trend Rate	3.70%
Year Ultimate Trend Rate Reached	2073

**Discount Rate**

The discount rate used to measure the total OPEB liability at June 30, 2024 was 3.65%. The discount rate was based on a municipal bond rate based on the 20-year Bond Buyer GO Index as of the end of the fiscal year. The plan is not funded by assets in a separate trust. Therefore, the municipal bond rate was applied to all period of projected benefit payments to determine the total OPEB liability.

**Changes in Total OPEB Liability**

The changes in total OPEB liability are as follows:

Changes in Total OPEB Liability	
	Amount
Balance, Beginning of Year	\$ 6,987
Changes for the Year:	
Service Cost	558
Interest	258
Changes in Assumptions	1,239
Differences Between Expected and Actual Experience	366
Benefit Payments	(441)
Net Changes	1,980
Balance, End of Year	\$ 8,967

There have been no changes in benefit terms since the previous valuation.

Changes were made in assumptions that affect the total OPEB liability since the prior valuation. The discount rate was changed from 3.54% to 3.65%.

**MINNESOTA NORTH ITASCA STUDENT HOUSING  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the Student Housing total OPEB liability calculated using the discount rate above, as well as the total OPEB liability if it were calculated using a discount rate that is one percentage lower or one percentage higher than the current discount rate:

	Sensitivity of the Total OPEB Liability to the Changes in the Discount Rate	
	Percent	Amount
1% Lower	2.65 %	\$ 8,519
Current Discount Rate	3.65	8,967
1% Higher	4.65	9,415

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

The following presents the Student Housing total OPEB liability, calculated using the healthcare cost trend rates, as well as the total OPEB liability if it were calculated using a discount rate that is one percentage or one percentage higher than the current healthcare cost trend rate:

	Sensitivity of the Total OPEB Liability to the Changes in the Healthcare Trend Rate	
	Percent	Amount
1% Lower	2.65 %	\$ 9,953
Current Discount Rate	3.65	8,967
1% Higher	4.65	8,070

**OPEB Expense and Deferred Outflows and Deferred Inflows of Resources**

For the year ended June 30, 2024, Student Housing recognized an increase in benefit expense of \$372, related to OPEB. At June 30, 2024, Student Housing reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Changes in Actuarial Assumptions	\$ 1,674
Differences Between Expected and Actual	489
Contributions Made Subsequent to Measurement Date	564
Total	\$ 2,727



**MINNESOTA NORTH ITASCA STUDENT HOUSING  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**OPEB Expense and Deferred Outflows and Deferred Inflows of Resources (Continued)**

Amounts reported as deferred outflows of resources related to OPEB resulting from Student Housing contributions subsequent to the measurement date and before the end of the fiscal year will be recognized as a reduction of the total OPEB liability in the following fiscal year. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Deferred Inflows of Resources
Changes in Actuarial Assumptions	\$ (333)
Difference Between Expected and Actual Experience	(807)
Total	\$ (1,140)

**NOTE 7 EMPLOYEE PENSION PLANS**

Student Housing participates in the State Employees Retirement Fund, administered by the Minnesota State Retirement System.

**Plan Description**

The State Employees Retirement Fund (SERF) is administered by the Minnesota State Retirement System (MSRS) and is established and administered in accordance with Minnesota Statutes, Chapters 352 and 356. SERF includes the General Employees Retirement Plan (General Plan), a multiemployer, cost-sharing defined benefit plan, and three single-employer defined benefit plans. All state of Minnesota employees who are not members of another plan are covered by the General Plan.

**Benefits Provided**

MSRS provides retirement, disability, and death benefits through the State Employees Retirement Fund. Benefit provisions are established by state statute and can only be modified by the state legislature. Benefits are based on a member's age, years of credit, and the highest average salary for any sixty successive months of allowable service at termination of service. Benefit increases are provided to benefit recipients each January. Annuitants receive annual benefit increases of 1.00% through 2023 and 1.50% thereafter.

Retirement benefits can be computed using one of two methods: the Step formula and the Level formula. Members hired before July 1, 1989, may use the Step or Level formula, whichever is greater. Members hired on or after July 1, 1989, must use the Level formula. Each formula converts years and months of service to a certain percentage. Under the Step formula, members receive 1.2% of the high-five average salary for each of the first 10 years of covered service, plus 1.7% for each year thereafter. It also includes full benefits under the Rule of 90 (age plus years of allowable service equals 90). In contrast, the Level formula does not include the Rule of 90. Under the Level formula, members receive 1.7% of the high-five average salary for all years of covered service, and full benefits are available at normal retirement age.

**MINNESOTA NORTH ITASCA STUDENT HOUSING  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 7 EMPLOYEE PENSION PLANS (CONTINUED)**

**Contributions**

Minnesota Statute Chapter 352 sets the rates for employer and employee contributions. Eligible General Plan members and participating employers were required to contribute 6.25% of their annual covered salary in fiscal years 2024. The Itasca Housing contributions to the General Plan for the fiscal year ended June 30, 2024 were \$3,779. These contributions were equal to the contractually required contributions for each year as set by state statute.

**Actuarial Assumptions**

The Organization's 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 those dates. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement Date	June 30, 2023
Inflation	2.50% Per Year
Active Member Payroll Growth	3.25% Per Year
Investment Rate of Return	7.50%

Salary increases for the June 30, 2023 and 2022 valuation were equal to reported salary at valuation date increased according to the rate table, to current fiscal year and annually each future year. Prior year salary is annualized for members with less than one year of service. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP-2014 generational mortality tables projected with mortality improvement Scale MP-2015 from base year of 2014 for males or females, as appropriate, with adjustments to match fund experience. Benefit increases for retirees were assumed to be 1.0% per annum from January 1, 2019 through December 31, 2023 and 1.50% from January 1, 2024 and onward.

Actuarial assumptions used in the June 30, 2022 valuation were based on the results of actuarial experience studies June 29, 2021 and June 30, 2017, respectively, and a review of inflation and investment return assumptions, dated June 27, 2021. The Allowance for Combined Service Annuity assumptions are based on an analysis completed by the LCPR actuary and a documented in a report dated October 2016.

The long-term expected rate of return on pension plan investments used in the determination of the total pension liability is 6.75%. The expected rate of return was determined using a building-block method. Best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using both long-term historical returns and long-term capital market expectations from a number of investment management and consulting organizations. The asset class estimates, and the target allocations were then combined to produce geometric, long-term expected rate of return for the portfolio.

**MINNESOTA NORTH ITASCA STUDENT HOUSING  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 7 EMPLOYEE PENSION PLANS (CONTINUED)**

**Actuarial Assumptions (Continued)**

These asset class estimates, and target allocations are combined to produce a geometric, expected long-term rate of return as summarized in the following table:

Asset Class	Target Allocation Percentage	Long-Term Expected Real Rate of Return (Geometric Mean) Percentage
Domestic Equities	34 %	5.10 %
International Equities	17	5.30
Private Markets	25	5.90
Fixed Income	25	0.75
Total	100 %	

**Discount Rate**

The discount rate used to measure the total pension liability as of June 30, 2022 was 6.75%. The projection of cash flows used to determine this discount rate assumed that employee and employer contributions will be made at the current statutory contribution rates. Based on these assumptions, the pension plan fiduciary net position as of June 30, 2022 and future contributions were sufficient to finance the benefit payments.

**Net Pension Liability**

At June 30, 2023, the Organization reported a liability of \$43,736 for its proportionate share of MSRS' 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 those dates. The Organization's proportion of the net pension liability was based on the employer contributions received by MSRS during the measurement period July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of MSRS's participating employers. At June 30, 2024, the Organization's proportion was 0.00013% unchanged from 2023.

There have been no changes in plan provisions since the prior measurement date.

**MINNESOTA NORTH ITASCA STUDENT HOUSING  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 7 EMPLOYEE PENSION PLANS (CONTINUED)**

**Pension Liability Sensitivity**

The following presents the Organization's proportionate share of the net pension liability, calculated using the discount rate disclosed above, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	Sensitivity of the Net Pension Pension Liability at Current Single Discount Rate	
	Percent	Amount
1% Lower	5.75 %	\$ 147,440
Current Discount Rate	6.75	43,736
1% Higher	7.75	(35,882)

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the MSRS Comprehensive Annual Financial Report, available on the MSRS website at [www.msrs.state.mn.us/financial-information](http://www.msrs.state.mn.us/financial-information).

**Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2024, the Organization recognized a decrease in expense of \$112 related to pensions.

At June 30, 2024, the Organization reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences Between Projected and Actual Investment Earnings	\$ -
Changes in Actuarial Assumptions	8,754
Contributions Paid to MSRS Subsequent to the Measurement Date	3,779
Differences Between Expected and Actual Economic Experience	1,049
Changes in Proportion	334
Total	\$ 13,916

**MINNESOTA NORTH ITASCA STUDENT HOUSING  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 7 EMPLOYEE PENSION PLANS (CONTINUED)**

**Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (Continued)**

	Deferred Inflows of Resources
Differences Between Projected and Actual Investment Earnings	\$ (705)
Changes in Actuarial Assumptions	(4,752)
Differences Between Expected and Actual Economic Experience	(591)
Changes in Proportion	(2,468)
Total	\$ (8,516)

Amounts reported as deferred outflows of resources related to pensions resulting from the Organization contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following fiscal year. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Amount
2025	\$ (1,148)
2026	(872)
2027	2,665
2028	(2,265)
2029	-
Total	\$ (1,620)

**NOTE 8 RISK MANAGEMENT**

Minnesota North Itasca Student Housing is exposed to various risks of loss related to tort: theft of, damage to or destruction of assets, errors or omissions and employer obligations. Minnesota North Itasca Student Housing manages these risks through state of Minnesota insurance plans including the state of Minnesota Risk Management Fund, a self-insurance fund, and through purchased insurance coverage.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**MINNESOTA NORTH ITASCA STUDENT HOUSING**  
**SCHEDULES OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**JUNE 30, 2024**

Schedule of Proportionate Share of MSRS Net Pension Liability

Measurement Date	Proportionate Share as a Percentage of Net Pension Liability	Proportionate Share	Covered Payroll	Proportionate Share as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
June 30, 2015	0.000020	\$ -	\$ 114,872	- %	88.32 %
June 30, 2016	0.000021	198,515	52,273	379.77	47.51
June 30, 2017	0.000021	154,061	47,745	322.67	62.73
June 30, 2018	0.000021	43,192	56,800	76.04	90.56
June 30, 2019	0.000021	42,681	56,238	75.89	88.87
June 30, 2020	0.000021	45,172	52,848	85.48	91.25
June 30, 2021	0.000027	21,641	54,272	39.88	99.53
June 30, 2022	0.000013	49,691	57,840	85.91	90.60

Schedule of Employer Contributions

Fiscal Year End	Statutorily Required Contributions	Contributions Recognized By MSRS	Contribution Deficiency (Excess)	Covered Payroll	Contributions as A Percentage of Covered Payroll
June 30, 2016	\$ -	\$ -	\$ -	\$ -	5.50 %
June 30, 2017	2,626	2,626	-	47,745	5.50
June 30, 2018	3,124	3,124	-	56,800	5.50
June 30, 2019	3,304	3,304	-	56,238	5.88
June 30, 2020	3,303	3,303	-	52,848	6.25
June 30, 2021	3,392	3,392	-	54,272	6.25
June 30, 2022	3,615	3,615	-	57,840	6.25
June 30, 2023	3,701	3,701	-	59,216	6.25

These schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

**MINNESOTA NORTH ITASCA STUDENT HOUSING  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2024**

**OTHER POSTEMPLOYMENT BENEFITS PLAN**

**2024 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The discount rate was changed from 3.54 percent to 3.65 percent

**2023 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The projected mortality improvement scale assumption was updated to Scale MP-2021.
- The annual medical claims costs and premiums were updated based on recent experience.
- The discount rate increased from 2.16 percent to 3.54 percent.
- The annual medical trend was updated based on recent trend surveys, short-term expectations specific to Minnesota State plans, and adjustment to short-term trend rates to estimate the impact of the current general inflation environment, and the current version of the SOA-Getzen trend model.

**2022 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The discount rate was changed from 2.21 percent to 2.16 percent.
- Mortality assumptions, salary increase assumptions, and medical trend rates were updated.
- The initial medical trend decreased by 0.3 percent.

**2021 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The discount rate was changed from 3.5 percent to 2.21 percent.
- Mortality assumptions, salary increase assumptions, and medical trend rates were updated.
- The initial medical trend increased by 0.9 percent.

**2020 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The discount rate was changed from 3.87 percent to 3.5 percent.
- Mortality assumptions, salary increase assumptions, and medical trend rates were updated.
- The inflation rate and payroll growth rate decreased 0.25 percent.

**2019 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The discount rate was changed from 3.58 percent to 3.87 percent.
- Mortality assumptions, salary increase assumptions, and annual medical claims costs and premiums were updated.
- The inflation rate and payroll growth rate decreased 0.25 percent.

**2018 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The discount rate was changed from 2.85 percent to 3.58 percent.

**STATE EMPLOYEES RETIREMENT FUND**

**2024 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The long-term investment rate of return and single discount rate were changed from 6.75 percent to 67.0 percent.

**2023 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The long-term investment rate of return and single discount rate were changed from 6.5 percent to 6.75 percent.



**MINNESOTA NORTH ITASCA STUDENT HOUSING  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2024**

**STATE EMPLOYEES RETIREMENT FUND (CONTINUED)**

**2022 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The long-term investment rate of return and single discount rate were changed from 7.5 percent to 6.5 percent.

**2021 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The price inflation assumption was decreased from 2.5 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.0 percent.
- Assumed salary increases, rates of retirement, termination and disability were changed as recommended in the June 30, 2019 experience study.
- The base mortality tables were changed from the RP-2014 table to the Pub-2010 mortality table, with adjustments.
- The mortality projection scale was changed from MP-2018 to MP-2019.
- Age, marriage and benefit annuity election options were adjusted.

**2020 NO CHANGES IN PLAN PROVISIONS OR ACTUARIAL ASSUMPTIONS**

**2019 CHANGES IN PLAN PROVISIONS**

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019.
- Member contributions increased from 5.5 percent to 5.75 percent of pay, effective July 1, 2018 and 6.0 percent of pay effective July 1, 2019. Employer contributions increased from 5.5 percent to 5.875 percent of pay effective July 1, 2018 and 6.25 percent of pay effective July 1, 2019.
- Interest credited on member contributions will decrease from 4.0 to 3.0 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.0 percent for future accruing benefits effective January 1, 2019.
- Contribution stabilizer provisions were repealed.
- Post-retirement increases were changed from a 2.0 percent to 2.5 percent per year increase based upon funded ratio, to a fixed rate of 1.0 percent for five years beginning January 1, 2019 and 1.5 percent per year thereafter. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age.

**2019 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The discount rate was changed from 5.42 percent to 7.5 percent.

**2018 CHANGES IN PLAN PROVISIONS**

- Actuarial equivalent factors were updated to reflect current mortality and interest assumptions, effective January 1, 2017.

**2018 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The Combined Service Annuity loads were revised.
- The discount rate was changed from 4.17 percent to 5.42 percent.

**MINNESOTA NORTH ITASCA STUDENT HOUSING  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2024**

**2017 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The assumed post-retirement benefit increase rate was changed from 2.0 percent through 2043 and 2.5 percent thereafter to 2.0 percent for all future years.
- The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 4.17 percent.
- Salary increases, retirement, termination, disability, mortality, percent married, and benefit election assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by a further 0.25 percent from those assumptions.

**2016 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The assumed post-retirement benefit increase rate was changed from 2.0 percent through 2015, and 2.5 percent thereafter, to 2.0 percent per year through 2043, and 2.5 percent per year thereafter.

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**MINNESOTA NORTH ITASCA STUDENT HOUSING**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**JUNE 30, 2024**

	2024	2023	2022	2021	2020	2019	2018
<b>TOTAL OPEB LIABILITY</b>							
Service Cost	\$ 558	\$ 537	\$ 494	\$ 481	\$ 507	\$ 452	\$ 5,167
Interest	258	156	143	234	264	225	1,931
Differences Between Expected and Actual Experience	366	243	-	(1,495)	(334)	(251)	-
Changes of Assumptions	1,239	(378)	13	1,144	(210)	479	(2,241)
Benefit Payments, Including Refunds of Employee Contributions	(441)	(201)	(260)	(455)	(396)	(450)	(4,522)
Net Change in Total OPEB Liability	<u>1,980</u>	<u>357</u>	<u>390</u>	<u>(91)</u>	<u>(169)</u>	<u>455</u>	<u>335</u>
Total OPEB Liability - Ending (b)	<u>8,967</u>	<u>6,987</u>	<u>6,630</u>	<u>6,240</u>	<u>6,331</u>	<u>6,500</u>	<u>6,045</u>
Total OPEB Liability - Beginning (a)	6,987	6,630	6,240	6,331	6,500	6,045	5,710
<b>PLAN FIDUCIARY NET POSITION</b>							
Contributions - Employer	-	-	-	-	-	-	-
Contributions - Employee	-	-	-	-	-	-	-
Net Investment Income	-	-	-	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	-	-	-	-	-	-	-
Administrative Expenses	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan Fiduciary Net Position - Beginning (c)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan Fiduciary Net Position - Ending (d)	-	-	-	-	-	-	-
Net OPEB Liability - Beginning (a) - (c)	<u>6,987</u>	<u>6,630</u>	<u>6,240</u>	<u>6,331</u>	<u>6,500</u>	<u>6,045</u>	<u>5,710</u>
<b>NET OPEB LIABILITY - ENDING (b) - (d)</b>	<u><u>\$ 8,967</u></u>	<u><u>\$ 6,987</u></u>	<u><u>\$ 6,630</u></u>	<u><u>\$ 6,240</u></u>	<u><u>\$ 6,331</u></u>	<u><u>\$ 6,500</u></u>	<u><u>\$ 6,045</u></u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0%	0%	0%	0%	0%	0%	0%
Covered Payroll <sup>(1)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan Net OPEB Liability as a Percentage of Covered Employee Payroll <sup>(1)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A

<sup>1</sup>Covered Payroll not Available

**SUPPLEMENTARY INFORMATION**

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**MINNESOTA NORTH ITASCA STUDENT HOUSING**  
**COMBINING STATEMENT OF NET POSITION – BY FACILITY**  
**JUNE 30, 2024**

<b>ASSETS</b>	<u>Wenger Hall</u>	<u>Itasca Hall</u>	<u>Total</u>
<b>CURRENT ASSETS</b>			
Cash	\$ 777,223	\$ 129,082	\$ 906,305
Accounts Receivable, Net	2,746	17,276	20,022
Total Current Assets	<u>779,969</u>	<u>146,358</u>	<u>926,327</u>
<b>NONCURRENT ASSETS</b>			
Restricted Investments:			
Reserve Account	-	191,559	191,559
Repair and Replacement Account	-	128,272	128,272
Total Restricted Investments	-	319,831	319,831
Capital Assets, Net of Accumulated Depreciation:			
Buildings	323,588	1,561,606	1,885,194
Total Noncurrent Assets	<u>323,588</u>	<u>1,881,437</u>	<u>2,205,025</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Related	6,226	7,690	13,916
OPEB Related	1,259	1,468	2,727
Total Deferred Outflows of Resources	<u>7,485</u>	<u>9,158</u>	<u>16,643</u>
Total Assets and Deferred Outflows	<u>\$ 1,111,042</u>	<u>\$ 2,036,953</u>	<u>\$ 3,147,995</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
Payable to Other Funds	\$ 1,669	\$ 1,669	\$ 3,338
Salaries Payable	1,334	1,334	2,668
Unearned Revenue	-	7,332	7,332
Other Compensation Benefits	733	312	1,045
Other Postemployment Benefit Liability	305	373	678
Revenue Bonds Payable	-	160,000	160,000
Total Current Liabilities	<u>4,041</u>	<u>171,020</u>	<u>175,061</u>
<b>NONCURRENT LIABILITIES</b>			
Other Compensation Benefits	5,375	2,287	7,662
Net Pension Liability	19,681	24,055	43,736
Other Postemployment Benefit Liability	3,845	4,444	8,289
Revenue Bonds Payable	-	340,000	340,000
Total Noncurrent Liabilities	<u>28,901</u>	<u>370,786</u>	<u>399,687</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Related	3,805	4,711	8,516
OPEB Related	526	614	1,140
Total Deferred Inflows of Resources	<u>4,331</u>	<u>5,325</u>	<u>9,656</u>
Total Liabilities and Deferred Inflows of Resources	<u>37,273</u>	<u>547,131</u>	<u>584,404</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	323,588	1,061,606	1,385,194
Restricted for Bond Covenants	-	319,831	319,831
Unrestricted	750,181	108,385	858,566
Total Net Position	<u>1,073,769</u>	<u>1,489,822</u>	<u>2,563,591</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 1,111,042</u>	<u>\$ 2,036,953</u>	<u>\$ 3,147,995</u>

**MINNESOTA NORTH ITASCA STUDENT HOUSING**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN NET POSITION – BY FACILITY**  
**YEAR ENDED JUNE 30, 2024**

	<u>Wenger Hall</u>	<u>Itasca Hall</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Room and Board	\$ 139,121	\$ 343,929	\$ 483,050
Sales and Services	13,942	6,881	20,823
Other Income	1,206	1,960	3,166
Total Operating Revenues	<u>154,269</u>	<u>352,770</u>	<u>507,039</u>
<b>OPERATING EXPENSES</b>			
Salaries	104,341	69,026	173,367
Purchased Services	6,610	46,931	53,541
Supplies	19,882	13,726	33,608
Depreciation and Amortization	23,970	94,614	118,584
Other Expense	10,550	43,059	53,609
Total Operating Expenses	<u>165,353</u>	<u>267,356</u>	<u>432,709</u>
<b>OPERATING INCOME</b>	(11,084)	85,414	74,330
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Transfer to Other Funds	-	(16,370)	(16,370)
Investment Income	-	15,105	15,105
Interest Expense	-	(20,725)	(20,725)
Total Nonoperating Expenses	<u>-</u>	<u>(21,990)</u>	<u>(21,990)</u>
<b>CHANGE IN NET POSITION</b>	(11,084)	63,424	52,340
<b>NET POSITION</b>			
Beginning of Year	<u>1,084,853</u>	<u>1,426,398</u>	<u>2,511,251</u>
End of Year	<u>\$ 1,073,769</u>	<u>\$ 1,489,822</u>	<u>\$ 2,563,591</u>

**MINNESOTA NORTH ITASCA STUDENT HOUSING  
COMBINING STATEMENT OF CASH FLOWS – BY FACILITY  
YEAR ENDED JUNE 30, 2024**

	Wenger Hall	Itasca Hall	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers and Users	\$ 166,467	\$ 392,167	\$ 558,634
Payments to Suppliers	(70,333)	(238,212)	(308,545)
Payments to Employees	(106,290)	(70,409)	(176,699)
Net Cash Provided (Used) by Operating Activities	<u>(10,156)</u>	<u>83,546</u>	<u>73,390</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal Paid on Debt	-	(155,000)	(155,000)
Interest Paid on Debt	-	(20,725)	(20,725)
Net Cash Used by Capital and Related Financing Activities	<u>-</u>	<u>(175,725)</u>	<u>(175,725)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Transfer to Other Funds	-	(16,370)	(16,370)
Interest and Dividends Received	-	15,105	15,105
Purchase of Investments	-	(15,105)	(15,105)
Net Cash Used by Investing Activities	<u>-</u>	<u>(16,370)</u>	<u>(16,370)</u>
<b>NET INCREASE IN CASH</b>	<u>(10,156)</u>	<u>(108,549)</u>	<u>(118,705)</u>
Cash - Beginning of Year	<u>787,379</u>	<u>237,631</u>	<u>1,025,010</u>
<b>CASH - END OF YEAR</b>	<u><u>\$ 777,223</u></u>	<u><u>\$ 129,082</u></u>	<u><u>\$ 906,305</u></u>
<b>RECONCILIATION TO STATEMENT OF NET ASSETS</b>			
Operating Cash and Cash Equivalents	\$ 777,223	\$ 129,082	\$ 906,305
Restricted Cash and Cash Equivalents:			
Reserve Account	-	191,559	191,559
Repair and Replacement Account	-	128,272	128,272
Total Cash and Investments	<u><u>\$ 777,223</u></u>	<u><u>\$ 448,913</u></u>	<u><u>\$ 1,226,136</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ (11,084)	\$ 85,414	\$ 74,330
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation Expense	23,970	94,614	118,584
(Increase) Decrease in Assets:			
Accounts Receivable	12,198	34,743	46,941
Deferred Outflows	2,905	3,103	6,008
Increase (Decrease) in Liabilities:			
Accounts Payable	(12,534)	(35,686)	(48,220)
Payable to Other Funds	(20,757)	(98,810)	(119,567)
Salaries and Benefits Payable	1,334	1,334	2,668
Deferred Inflows	(3,929)	(4,380)	(8,309)
Net Pension Liability	(3,253)	(2,702)	(5,955)
Other Compensation Benefits	994	5,916	6,910
Total Adjustments	<u>928</u>	<u>(1,868)</u>	<u>(940)</u>
Net Cash Provided by Operating Activities	<u><u>\$ (10,156)</u></u>	<u><u>\$ 83,546</u></u>	<u><u>\$ 73,390</u></u>

**REPORT RELATED TO GOVERNMENT AUDITING STANDARDS**

DRAFT



**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***

Dr. Michael Raich, President  
Minnesota North Itasca Student Housing  
Minnesota State Colleges and Universities  
Grand Rapids, 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 Minnesota North Itasca Student Housing (the Organization), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated REPORT DATE.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**MINNESOTA NORTH ITASCA STUDENT HOUSING  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2024**

**Report on Compliance and Other Matters**

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

***Purpose of This Report***

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

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
REPORT DATE