



Inver Grove Heights Schools
Annual Comprehensive Financial Report
for the fiscal year ending June 30, 2023
Inver Grove Heights, MN 55076

ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2023

INDEPENDENT SCHOOL DISTRICT NO. 199
INVER GROVE HEIGHTS SCHOOLS

2990 – 80th Street East
Inver Grove Heights, MN 55076

Prepared by
Business Office

Heather Aune – Director of Business Services

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INDEPENDENT SCHOOL DISTRICT NO. 199

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INTRODUCTORY SECTION



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December 27, 2023

To the School Board, Citizens, Employees, and Students of Inver Grove Heights Schools

INTRODUCTION

The following Annual Comprehensive Financial Report (ACFR) of Independent School District No. 199, Inver Grove Heights, Minnesota, also known as Inver Grove Heights Schools (the District), presents the financial position of the District as of June 30, 2023, and the results of its operations for the fiscal year then ended. This report is prepared in accordance with accounting principles generally accepted in the United States of America, and is audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. State law requires the District to publish a complete set of audited financial statements within six months of the close of the District's fiscal year.

The District's financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. The reader of this ACFR will notice that the two main financial statements created by this standard, the Statement of Net Position and Statement of Activities, do not contain numerous columns for various funds like the fund-based financial statements. These two statements consolidate much of the information contained in fund-based financial statements into statements which tend to answer the question: "Is the District better or worse off financially than it was the previous year?" A comparison of net position should help the reader in answering that question.

Also required as part of required supplementary information by GASB Statement No. 34 is the management's discussion and analysis (MD&A), which allows the District to explain, in layman's terms, its financial position and results of its operations for the past fiscal year.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management of the District has established internal controls. The internal controls are designed to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the presentation of the District's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not be more than the benefits, the District's internal controls are designed to provide reasonable, rather than absolute, assurance that these financial statements will be free of material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable, in all material respects.

These financial statements have been audited by Malloy, Montague, Karnowski, Radosevich & Co., P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the District for the fiscal year ended June 30, 2023 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's basic financial statements for the fiscal year ended June 30, 2023 are fairly presented in conformity with accounting principles generally accepted in the United States of America.

FEDERAL SINGLE AUDIT AND STATE COMPLIANCE AUDIT

The independent audit of the financial statements of the District was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited district's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The District is also required to undergo an annual Minnesota state legal compliance audit under Minnesota Statutes § 6.65. These reports are available in a separate document.

REPORT FORMAT

This ACFR is presented in three sections: introductory, financial, and statistical. The introductory section contains this letter of transmittal, organizational chart, information on the School Board and administration, and the Association of School Business Officials (ASBO) International Certificate of Excellence in Financial Reporting Award. The financial section contains the independent auditor's report, MD&A, basic financial statements, required supplementary information, and combining and individual fund statements and schedules presented as supplementary information. The statistical section contains supplemental financial and other statistical data, generally presented on a multi-year basis.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A of the District can be found immediately following the report of the independent auditors.

THE DISTRICT'S PROFILE

The District was formed in 1957 as residents in the area realized the need for a local high school. The consolidation of one-room schoolhouses formed the District. In 1960, Simley High School opened its doors to students. In 1971, a new Simley High School was built adjacent to what is now the middle school. The oldest parts of the middle school (the original Simley High School) have been replaced.

The District operates under an elected seven-member School Board. The School Board is elected on a nonpartisan basis. The School Board is responsible, among other things, for passing policies, adopting the budget, and hiring the Superintendent of Schools. The Superintendent of Schools is responsible for carrying out the policies of the School Board, for overseeing the day-to-day operations of the District, and for appointing the directors/principals of the various departments or schools.

The District is a suburban school district located 12 miles south of the City of St. Paul, Minnesota, and serves a general population of approximately 36,000, covers an area of about 22 square miles, and enrolled 3,398 students for the 2022–2023 fiscal year. In terms of number of students, the District is Minnesota’s 56th largest school district. The District has one high school, one middle school, three elementary schools, an early learning center, and an online High School, referred to as 199 Online.

The District provides a full range of public education services to students and families from birth to 21. These include regular and enriched academic education, special education, college in school, and career/vocational education. Food service and transportation are provided as supporting programs. The District’s community education program includes Early Childhood, Family, and Adult Basic Education programs, as well as a myriad of classes for lifelong learning experiences for children and adults. The District strives for educational excellence and is proud of the achievements of its students and staff.

Our Mission

Inspire. Innovate. Excel.
A Community Commitment

Our Vision

- Inclusive, Respectful, and Caring Environment
- A Culture of High Expectations
- Whole Student Development
- Personalized Learning
- Involved and Invested Community and District

Core Values

- **Courage** Advocating for what is important and acting with integrity
- **Excellence** Inspiring, engaging, and challenging ourselves and others
- **Inclusion** Building caring authentic relationships
- **Innovation** Using flexibility and creativity to meet challenges and needs
- **Teamwork** Shared responsibility, accountability and accomplishments

Strategic Direction

- A Culture of Racial Equity
- Career and College Readiness with Core Life Skills
- Effective Teams and Partnerships

The laws of the state of Minnesota give the authority to direct the District’s business operations and educational functions to the District’s School Board, whose members are elected officials. The School Board has the authority to levy taxes, set fees, and approve budgets and staff positions, along with other business and educational functions, without prior approval from any other governmental unit. The School Board can issue debt, generally with prior district voter approval. The Minnesota Department of Education (MDE) does have some minor oversight responsibility over the District that is generally related to compliance and approval of certain laws and procedures, but is not substantive in nature.

The financial reporting entity includes all the funds of the District. Component units are legally separate entities for which the District is financially accountable. There are no organizations considered to be component units of the District.

BUDGETARY PROCESS

The District's budget sets forth the financial plan for the forthcoming fiscal year. It is based on the projected financial needs of the District to allocate limited resources in the best possible way to give the best educational opportunities to students. The budget process starts with the development of the plan and timeline with completion and adoption in June. The plan is disseminated to School Board members and administration, and the preparation of the budget is implemented. The administration reviews enrollment projections and determines staffing levels needed for the forthcoming year. A preliminary financial forecast is prepared by the Director of Business Services and staffing levels are determined, keeping the financial projection in focus. The administration then recommends staff changes to the School Board for approval.

The budget process is continuous and involves staff at all levels as they inform administration of their needs and anticipated expenditures. These requests are then reviewed by their budget administrator who determines their appropriateness and, if appropriate, includes them in the budget. Each building principal is allocated an amount for supplies, materials, and equipment, based on student enrollment of that building, which they must allocate to those accounts under their control. When each administrator has their budget assembled, the business department provides oversight and enters it in the finance system.

The Director of Business Services prepares the salary and benefits budget and updates this data to the master budget. The finance/business department staff, along with the Director of Business Services, prepares estimates of other areas for inclusion in the master budget. Staff in the finance/business department reviews the data entered by each budget administrator and provides oversight. The School Board reviews preliminary budgets, makes recommendations and changes, and adopts the final budget in June as required by state law. The legal level of budgetary control is at the fund level.

The budget is then implemented and administered. Each administrator is responsible for approving purchase requisitions from their buildings or areas of responsibility. They must remain within the budget constraints and monitor their budgets online via the District accounting system. The Director of Business Services has responsibility for the financial integrity of the District. The availability of funds, the proper code classification, the maintenance of the coding structure, and compliance with legal purchasing directives are all continuously monitored by the finance/business departments. All bids and contracts must be authorized and approved by the School Board. The revenue and expenditure budgets are monitored and changed as conditions change. All revisions to the budget are approved by the School Board, and expenditures may only exceed appropriations at the fund level if approved by the School Board by resolution or through the disbursement approval process.

ECONOMIC FACTORS

The District is located in Dakota County, which is one of seven counties that make up the Twin Cities Metropolitan Area. Although recent economic conditions have continued to show signs of improvement for many residents of the District, in the 2022–2023 school year, the percentage of students qualifying for educational benefits increased from 39.9 in the prior school year to 53.8 percent. These percentages have fluctuated during the last few years, mainly due to the availability of free meals for all students during the 2020–2021 and 2021–2022 school years, therefore, it may not accurately reflect the economic status of students and their families. The MDE began participating in a pilot for the 2022–2023 school year that utilizes Medicaid eligibility to directly certify Educational Benefit eligibility. This has caused a significant increase in the 2022–2023 school year educational benefits percentage. Beginning with the 2023–2024 school year, meals are universally free for Minnesota school districts participating in the National School Lunch Program (NSLP) and the School Breakfast Program (SBP). An increased effort in encouraging families to apply for educational benefits, along with the direct certification for those eligible for Medicaid has resulted in a continued increase in this percentage. As of November 1, 2023, the percentage of those eligible for educational benefits has remained steady at 53.7 percent.

Although not all of Inver Grove Heights is within the school district boundaries, there continues to be residential and commercial growth within the city boundaries. Officials at the City of Inver Grove Heights (the City) indicated that the City had \$122 million of new construction in 2022, compared to \$144 million in 2021. Total residential construction included 166 housing units, mainly single-family units. Residential additions and remodeling improved as homeowners reinvested in their homes. The City issued 6.0 percent more building permits in 2022 than in 2021. The number of single-family home renovation permits more than doubled within the last three years.

In 2022, the City Planning Division reviewed and approved two new housing plats that include up to 62 new single-family housing lots and 35 townhome lots. Business park plots were amended to include two new office/warehouse buildings.

The unemployment rate for Dakota County was 3.2 percent as of June 30, 2023. This compares favorably to both state and national average unemployment rates of 3.4 percent and 3.8 percent, respectively.

Taxable market value in the District increased 14.2 percent for the year from \$3,555,728,269 to \$4,061,861,660.

The District has always been dependent on the state for its revenue authority. However, in the past the general education basic formula allowance, which funds the majority of the District's operations, was composed of aid and levy components. The amount of levy was determined by a state determined tax rate. This rate was adjusted up or down depending on the state's financial position. By doing so, the state could shift revenue responsibility to local taxpayers in times of need or relieve local taxpayers in times of plenty. This is no longer the case as the general education basic formula allowance is now all state aid. Because of this, the District is continuously monitoring the state's financial position.

General education state aid, the single largest source of revenue for the District, is dependent on the number of students served by the District each school year. The 2021 fiscal year enrollment was 3,400. Enrollment increased slightly to 3,407 in the 2021–2022 school year and decreased slightly to 3,398 in the 2022–2023 school year. On October 1, 2023, the enrollment was at 3,368 and has grown to 3,417 as of December 15, 2023. The District has seen a larger number of enrollments from students moving to the area after the school year has started. Each October, the District projects its future enrollment five years out. Future enrollment projections, using the "Cohort Survival Method," indicate that the District's enrollment should remain stable or slightly declining for the next five years. The District has worked with a consultant group to project future enrollment and done a housing study. This allows the District to better predict future needs in staffing and budgeting.

Minnesota school districts have the ability to raise additional revenue through voter-approved excess levy referendums. For fiscal year 2023, the additional funding is capped at \$2,111 per adjusted pupil unit as per state statute. For fiscal year 2023, the District has authority for \$683 per adjusted pupil unit of excess levy authority, which raises a total of approximately \$2.4 million. The District was \$1,428 below the referendum cap established by the Minnesota Legislature during the 2022–2023 school year. The voter-approved referendum passed in November 2017 adjusts with inflation. Voters had also approved a capital projects levy that generated \$884,282 of revenue in 2022–2023 and will adjust based on the net tax capacity within the District's boundaries.

The District operates five school buildings: one high school (220,728 square feet), one middle school (314,970 square feet), and three elementary buildings (totaling 234,484 square feet). The average age of the five buildings is 62 years. The District sold a 10-acre property during the 2020–2021 school year. The funds generated from this sale have been set aside in an assigned fund balance for future capital projects. The Independent School District 199 Board of Education passed an abatement bond levy during the 2022–2023 school year. These funds are restricted to parking lot renovations and improvements. The District redesigned and replaced the Salem Hills Elementary parking lot, with construction complete in August 2023. This redesign has improved traffic congestion on Babcock Trail and improved student safety.

Long-term facilities maintenance dollars allocated through state and local funding has allowed the District to keep facilities up-to-date on maintenance. The District not only keeps a 10-year Long-Term Facilities Maintenance Plan required by the state, but also has an in-depth plan for building maintenance that takes into account all predictable facility maintenance needs over the next 10 years. This keeps unexpected maintenance to a minimum, and ensures that funds are available for repairs with a schedule that puts the highest needs first.

AWARDS AND ACKNOWLEDGEMENTS

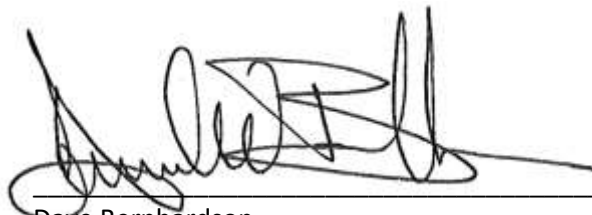
The District was awarded the ASBO International Certificate of Excellence in Financial Reporting for the preparation and issuance of a high-quality ACFR for the fiscal year ended June 30, 2022. This was the 18th year in which the District submitted its ACFR and received this award. The Certificate of Excellence, the highest recognition for school district financial operations offered by the ASBO International, is only conferred to school systems that have met or exceeded the standards of the program.

A Certificate of Excellence is only valid for a period of one year. We believe that our current ACFR continues to meet the standards of this program, and we are submitting it to the ASBO International to determine its eligibility for another certificate.

The timely preparation of this report could not have been accomplished without the professional and dedicated hard work of the entire staff of the District’s business services team. We wish to express our appreciation to all members of the staff who assisted and contributed to the report preparation.

Our appreciation is also given to the School Board for its support in leading the District in sound and responsible financial management.

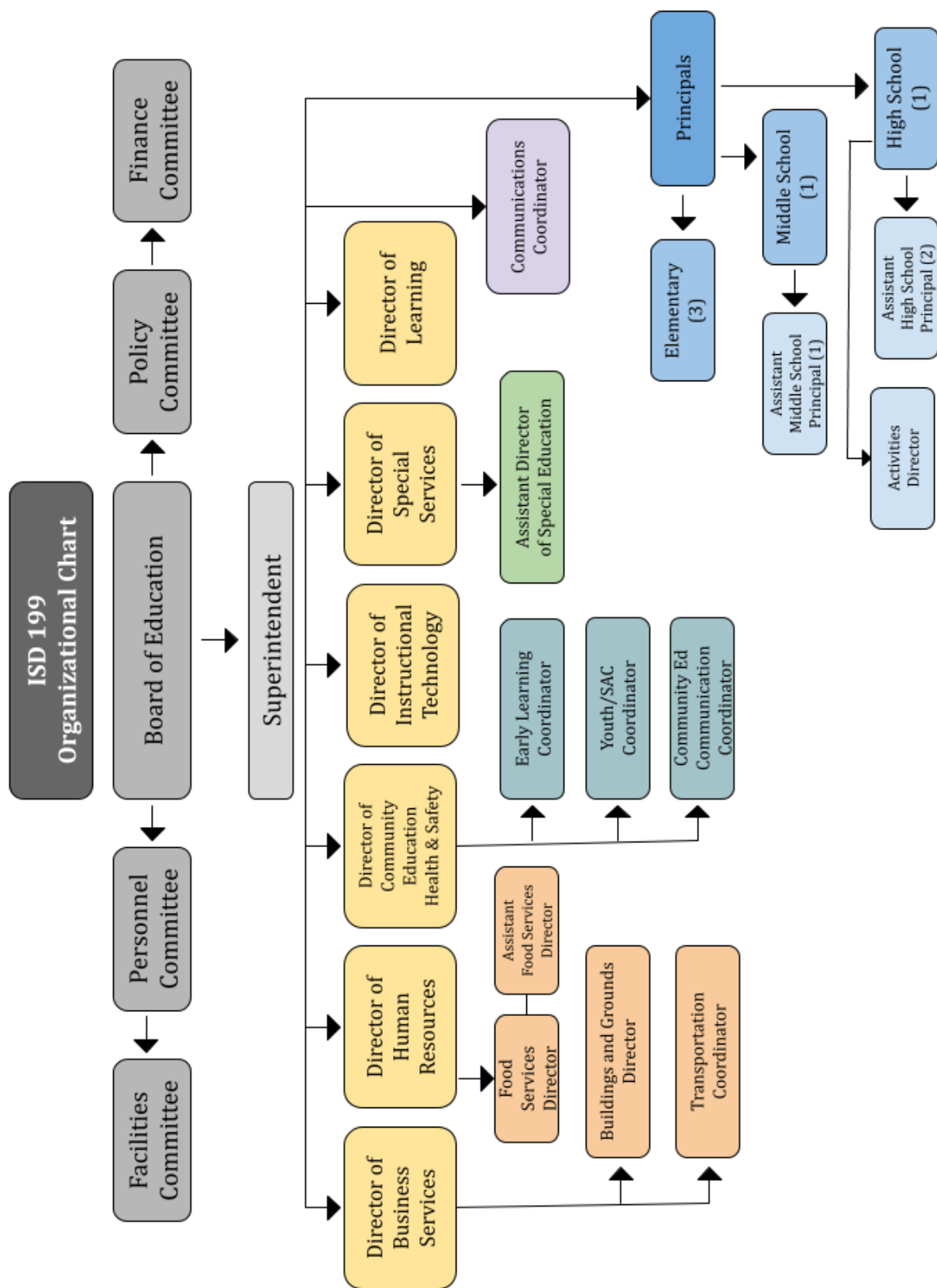
Respectfully submitted,



Dave Bernhardson
Superintendent



Heather Aune
Director of Business Services



INDEPENDENT SCHOOL DISTRICT NO. 199

School Board and Administration
Year Ended June 30, 2023

SCHOOL BOARD

Position on School Board
During 2022–2023

Matt Schaefer	Chairperson
Sherry Warrick	Vice Chairperson/Treasurer
Carrie Lounsberry	Clerk
Rachel Hanson	Director
Jacob Klingner	Director
Sarah Larsen	Director
Darcie Pierson	Director

ADMINISTRATION

Dave Bernhardson	Superintendent
Heather Aune	Director of Business Services
Michele Carroll	Director of Human Resources
Barbara Pierce	Director of Community Education, Health, and Safety
Caroline Little	Director of Instructional Technology
Abel Riodique	Director of Special Services
Teajai Anderson-Schmidt	Director of Learning



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

**Independent School District 199 -
Inver Grove Heights**

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2022.**

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'John W. Hutchison'. The signature is written in a cursive style and is positioned above a horizontal line.

**John W. Hutchison
President**

A handwritten signature in black ink, reading 'Siobhán McMahon'. The signature is written in a cursive style and is positioned above a horizontal line.

**Siobhán McMahon, CAE
Chief Operations Officer/
Interim Executive Director**

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FINANCIAL SECTION



PRINCIPALS

Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA
Jaclyn M. Huegel, CPA
Kalen T. Karnowski, CPA

INDEPENDENT AUDITOR’S REPORT

To the School Board and Management of
Independent School District No. 199
Inver Grove Heights, Minnesota

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINIONS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 199, Inver Grove Heights Schools (the District) as of and for the year ended June 30, 2023, 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINIONS

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

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 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

(continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

In performing an audit in accordance with generally accepted auditing standards 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.

(continued)

REQUIRED SUPPLEMENTARY INFORMATION

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information (RSI), as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the 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 RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

SUPPLEMENTARY INFORMATION

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to 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 supplementary information is 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 and statistical sections, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

PRIOR YEAR COMPARATIVE INFORMATION

We have previously audited the District's 2022 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated December 21, 2022. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

(continued)

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2023 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, 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.

Malloy, Montague, Karnowski, Radosevich & Co., P. A.

Minneapolis, Minnesota
December 27, 2023

INDEPENDENT SCHOOL DISTRICT NO. 199

Management's Discussion and Analysis Year Ended June 30, 2023

The management of Independent School District No. 199, Inver Grove Heights, Minnesota (the District) has provided readers of the District's financial statements with this narrative overview and analysis of its financial activities for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the other components of the District's Annual Comprehensive Financial Report (ACFR), including the letter of transmittal located in the introductory section.

FINANCIAL HIGHLIGHTS

- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2023, by \$829,196 (net position deficit). The District's overall financial position, in terms of government-wide total net position, increased by \$10,180,489 during the fiscal year ended June 30, 2023. The District had \$6,451,237 of net position available at year-end to meet its ongoing obligations but restricted for specific uses. The unrestricted portion of net position was a deficit of \$30,061,253.
- The District's governmental funds reported combined fund balances of \$16,563,603 at year-end, an increase of \$2,156,926 from the prior year, mainly due to the issuance of 2022A General Obligation Tax Abatement Bonds with a par value of \$3.1 million to finance capital projects that were only partially completed during the year.
- The District's General Fund, its primary operating fund, closed the fiscal year with an unassigned fund balance of \$4,160,574, which represents approximately 8.0 percent of annual General Fund expenditures based on fiscal 2023 expenditure levels.

OVERVIEW OF THE FINANCIAL STATEMENTS

This management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements, which consist of the following three components: the government-wide financial statements, fund financial statements, and the notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The two government-wide financial statements report the District's *net position* and how it has changed. Net position—the difference between the District's assets, deferred outflows of resources, 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 indicators of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District requires consideration of additional nonfinancial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements the District's activities are all shown in one category titled "governmental activities." These activities, including regular and special education instruction, transportation, administration, food services, and community education, are primarily financed with state aids and property taxes.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds, rather than the District as a whole. Funds (Food Service Special Revenue, Community Service Special Revenue, and Capital Projects – Building Construction) that do not meet the threshold to be classified as major funds are called "nonmajor" funds. Detailed financial information for nonmajor funds is included as supplementary information.

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Minnesota schools must establish funds within the guidelines of the state's Uniform Financial Accounting and Reporting Standards.

The District maintains the following types of funds:

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

Proprietary Funds – Proprietary fund statements offer *short-term* and *long-term* financial information about the activities the District operates like businesses. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The District maintains one type of proprietary fund, internal service funds, which are used to accumulate and allocate costs internally among the District's various functions. The District's three internal service funds account for its self-insured dental benefits and post-employment employee benefit liabilities. These activities have been included within governmental activities in the government-wide financial statements.

Fiduciary Funds – The District is the trustee, or fiduciary, for assets that belong to other organizations. The District is responsible for ensuring that the assets reported in these funds are used only for its intended purposes and by those to whom the assets belong. 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 government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1 is a summarized view of the District's Statement of Net Position:

	<u>2023</u>	<u>2022</u>
Assets		
Current and other assets	\$ 50,021,985	\$ 46,381,968
Capital assets, net of depreciation/amortization	64,543,119	65,517,478
Total assets	\$ 114,565,104	\$ 111,899,446
Deferred outflows of resources		
Pension plan deferments	\$ 11,248,576	\$ 12,027,974
OPEB plan deferments	482,045	645,134
Deferred charges on refunding	511,587	618,353
Total deferred outflows of resources	\$ 12,242,208	\$ 13,291,461
Liabilities		
Current and other liabilities	\$ 7,221,817	\$ 6,924,266
Long-term liabilities, including due within one year	96,620,050	82,302,941
Total liabilities	\$ 103,841,867	\$ 89,227,207
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 14,149,325	\$ 13,413,275
Lease revenue for subsequent year	306,778	308,653
Pension plan deferments	6,695,650	32,224,667
OPEB plan deferments	1,869,442	1,026,790
Deferred gain on refunding	773,446	-
Total deferred inflows of resources	\$ 23,794,641	\$ 46,973,385
Net position		
Net investment in capital assets	\$ 22,780,820	\$ 20,599,420
Restricted	6,451,237	6,289,425
Unrestricted	(30,061,253)	(37,898,530)
Total net position	\$ (829,196)	\$ (11,009,685)

The District's financial position is the product of many factors. For example, the determination of the District's net investment in capital assets involves many assumptions and estimates, such as useful lives and capitalization policies. Net position also includes long-term liabilities for severance, pension, and other post-employment benefits (OPEB), which are not reported in the governmental funds.

Total net position increased by \$10,180,489 in the current year. The increase in net investment in capital assets is due mostly to the relationship between the rate at which the District's capital assets are being added and depreciated/amortized, compared to the rate at which the debt issued to purchase or construct those assets is repaid. Increase in net position for capital asset acquisition, community service, and other state-mandated purposes contributed to the overall increase in this portion of net position. Changes in the District's share of the state-wide Public Employees Retirement Association (PERA) and Teachers Retirement Association (TRA) pension plans contributed to the differences in deferred outflows of resources, deferred inflows of resources, and long-term liabilities.

Table 2 presents a condensed version of the change in net position of the District:

	<u>2023</u>	<u>2022</u>
Revenues		
Program revenues		
Charges for services	\$ 2,444,159	\$ 2,327,199
Operating grants and contributions	11,924,379	11,381,389
General revenues		
Property taxes	14,791,235	14,860,128
General grants and aids	30,872,858	31,071,764
Other	2,199,659	(430,216)
Total revenues	<u>62,232,290</u>	<u>59,210,264</u>
Expenses		
Administration	1,761,976	1,828,593
District support services	2,744,092	2,351,517
Elementary and secondary regular instruction	16,091,529	20,377,137
Vocational education instruction	203,882	354,162
Special education instruction	7,759,183	8,839,076
Instructional support services	3,005,707	3,289,911
Pupil support services	6,634,491	5,995,218
Sites and buildings	5,240,908	5,706,565
Fiscal and other fixed cost programs	241,015	209,045
Food service	2,654,476	2,305,767
Community service	1,996,630	2,067,292
Depreciation/amortization not allocated directly to programs	2,022,282	2,039,841
Interest on long-term debt	1,695,630	1,693,967
Total expenses	<u>52,051,801</u>	<u>57,058,091</u>
Change in net position	10,180,489	2,152,173
Net position – beginning	<u>(11,009,685)</u>	<u>(13,161,858)</u>
Net position – ending	<u>\$ (829,196)</u>	<u>\$ (11,009,685)</u>

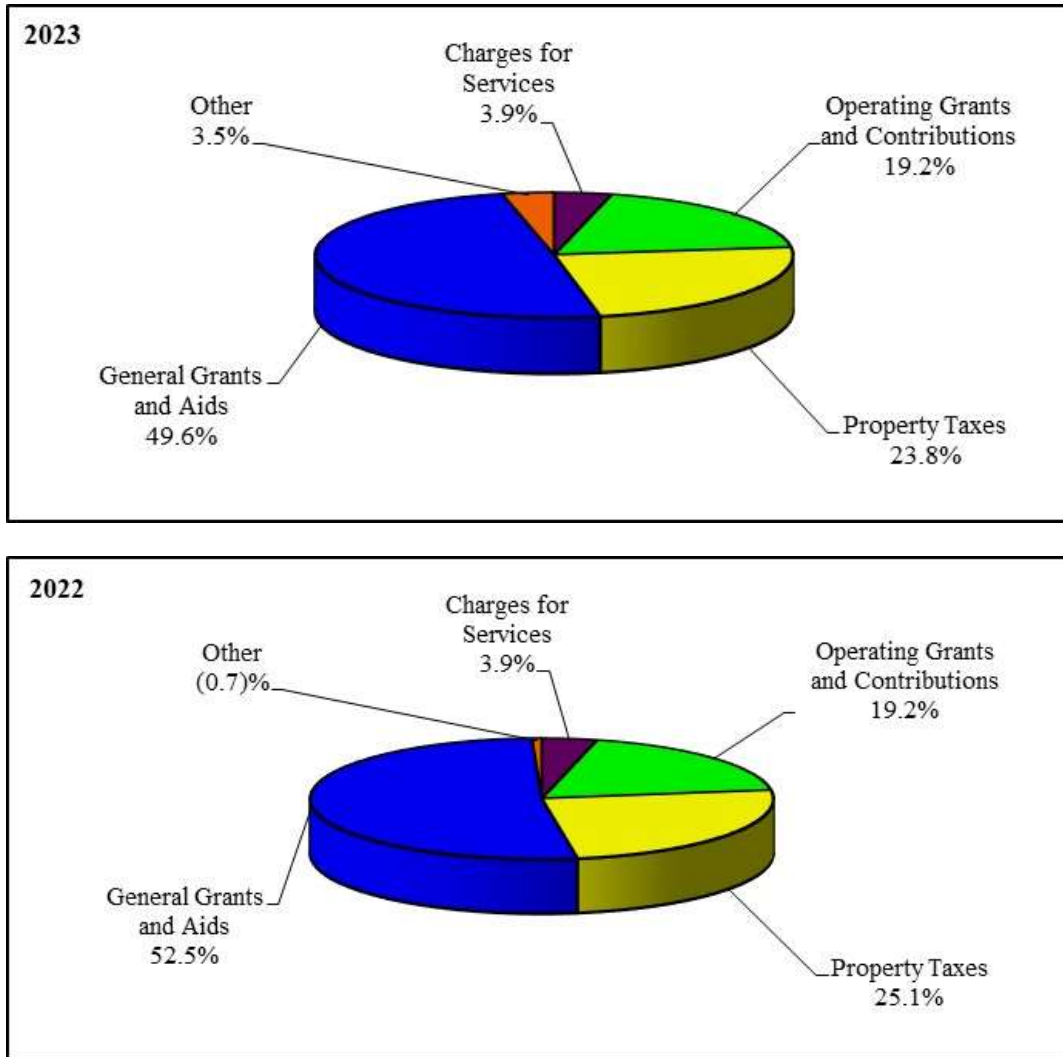
This table is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This table includes depreciation/amortization expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

Governmental activities revenues increased \$3,022,026 (5.1 percent) from the previous year, mainly due to an increase in investment earnings (included in “other” above), attributable to improved interest rates and an increase in the fair value of the District’s investment portfolio.

Governmental activities expenses were \$5,006,290 (8.8 percent) lower than last year. The overall decrease and variances between programs were mainly due to the change in expenses related to the two state-wide pension plans mentioned earlier, which impact the various functional areas based on relative salary and benefit levels.

Figures A and B show further analysis of these revenue sources and expense functions:

Figure A – Sources of Revenue for Fiscal Years 2023 and 2022

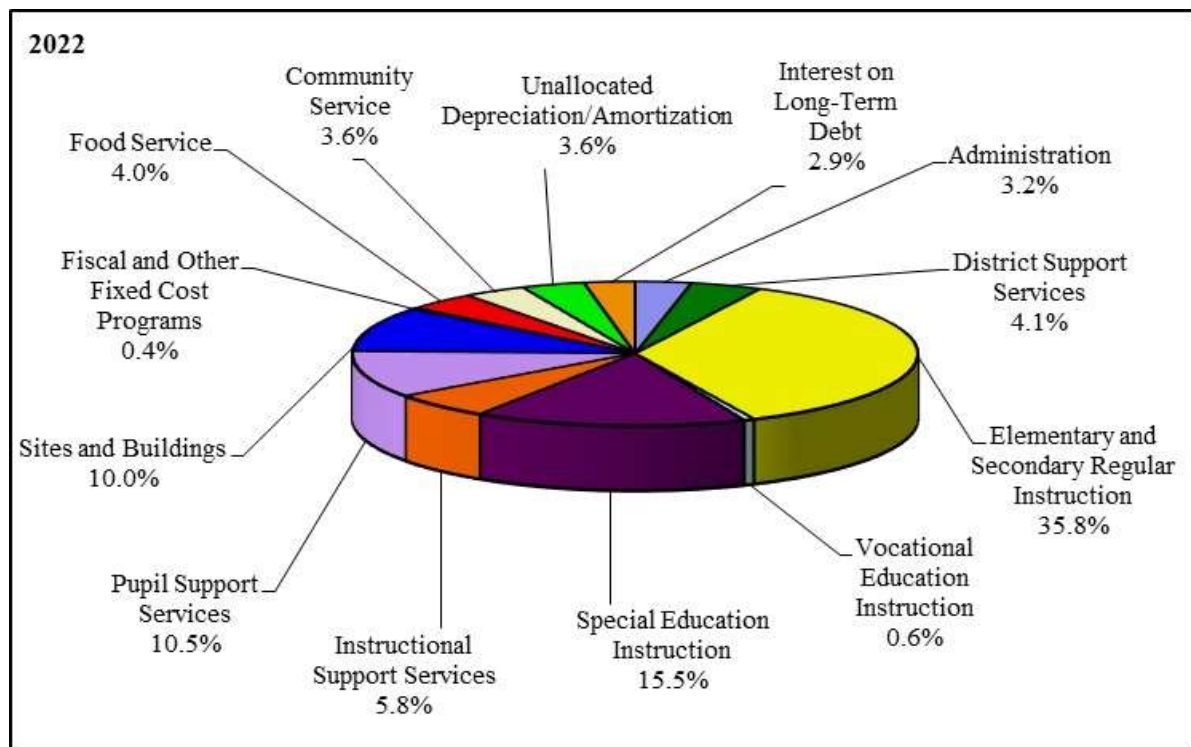
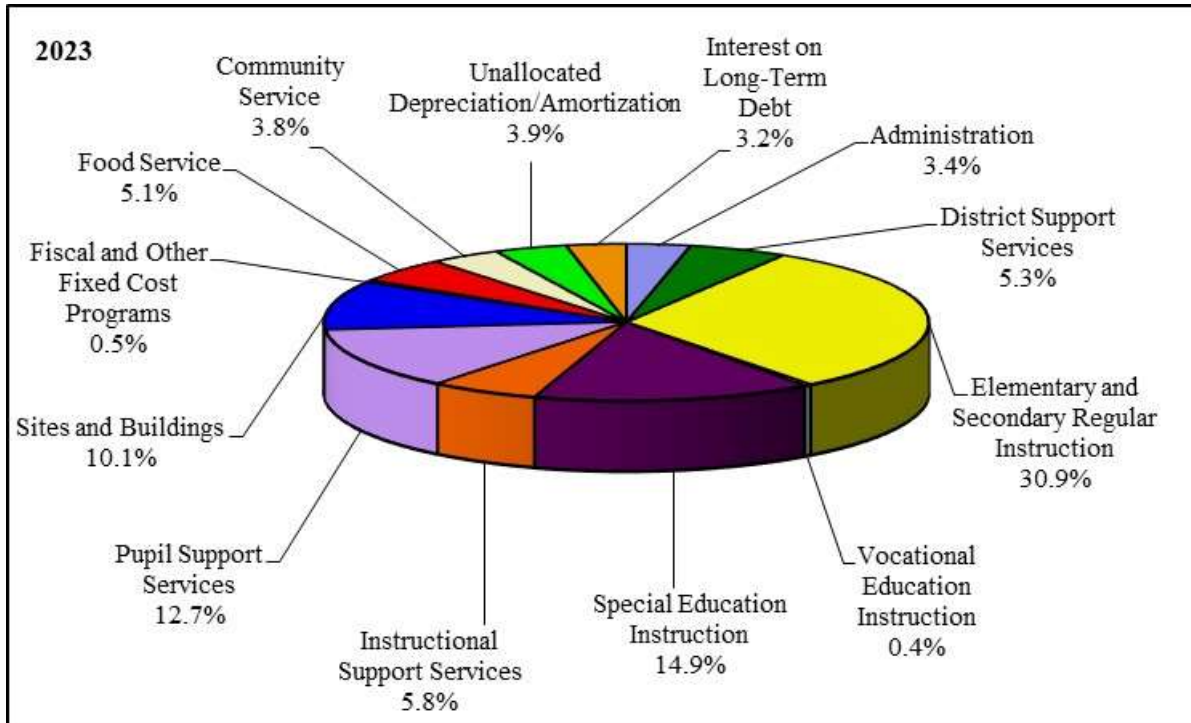


The largest share of the District’s revenue is received from the state, including the general education aid formula and most of the operating grants. This significant reliance on the state for funding has placed tremendous pressure on local school districts as a result of limited funding increases in recent years.

Property taxes are generally the next largest source of funding. The level of funding property tax sources provide is not only dependent on taxpayers of the District by way of operating and building referenda, but also by decisions made by the Legislature in the mix of state aid and local effort in a variety of funding formulas.

The largest increase occurred in other sources, as shown above, mainly due to the previously discussed increase in investment income.

Figure B – Expenses for Fiscal Years 2023 and 2022



The District’s expenses are predominately related to educating students. Programs (or functions), such as elementary and secondary regular instruction, vocational education instruction, special education instruction, and instructional support services are directly related to classroom instruction, while the rest of the programs support instruction and other necessary costs to operate the District.

The shift in expenses between programs and the decrease in elementary and secondary regular instruction compared to the prior year was largely due to changes in the TRA state-wide pension plan obligation.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is also reflected in its governmental funds. Table 3 shows the change in total fund balances of each of the District's governmental funds:

	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>Percent Change</u>
Major funds				
General	\$ 11,680,093	\$ 12,034,018	\$ (353,925)	(2.9%)
Debt Service	1,129,404	1,123,483	5,921	0.5%
Nonmajor funds				
Food Service Special Revenue	882,595	1,019,250	(136,655)	(13.4%)
Community Service Special Revenue	342,088	229,926	112,162	48.8%
Capital Projects – Building Construction	<u>2,529,423</u>	<u>–</u>	<u>2,529,423</u>	<u>–</u>
Total governmental funds	<u>\$ 16,563,603</u>	<u>\$ 14,406,677</u>	<u>\$ 2,156,926</u>	15.0%

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use, as they represent the portion of fund balance, which has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District's School Board.

On June 30, 2023, the District's governmental funds reported combined fund balances of \$16,563,603, an increase of \$2,156,926 in comparison with the prior year. The overall increase was mainly due to unspent bond proceeds accumulated in the Capital Projects – Building Construction Fund for ongoing capital improvement projects.

Unassigned fund balance at year-end was \$4,160,574, which is available for spending at the District's discretion. The remainder of the fund balance is either: 1) nonspendable (not in spendable form) – \$565,689, 2) restricted for particular purposes – \$9,656,588, or 3) assigned for particular purposes – \$2,180,752.

ANALYSIS OF THE GENERAL FUND

Table 4 summarizes the amendments to the General Fund budget:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Change</u>	<u>Percent Change</u>
Revenue	<u>\$ 50,733,350</u>	<u>\$ 51,076,023</u>	<u>\$ 342,673</u>	<u>0.7%</u>
Expenditures	<u>\$ 50,739,874</u>	<u>\$ 51,113,270</u>	<u>\$ 373,396</u>	<u>0.7%</u>

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to as the original budget. It is the District's practice to amend the General Fund budget for known significant changes in circumstances. The District amended the budget during the year to adjust for updated enrollment projections, updated special education estimates, known staffing changes, and updated federal funding allocations and budgets.

Table 5 summarizes the operating results of the General Fund:

	<u>2023 Actual</u>	<u>Over (Under) Final Budget</u>		<u>Over (Under) Prior Year</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Revenue	\$ 51,567,655	\$ 491,632	1.0%	\$ 847,540	1.7%
Expenditures	51,954,210	\$ 840,940	1.6%	\$ 14,364	-
Other financing sources	<u>32,630</u>	\$ 32,630	-	\$ (231,070)	(87.6%)
Net change in fund balances	<u>\$ (353,925)</u>				

The fund balance of the General Fund decreased \$353,925 in the current year, compared to a decrease of \$37,247 approved in the final budget.

General Fund revenues increased \$847,540 from the prior year, mainly due to an increase in state revenues of \$890,666 that resulted from improvements to funding for general education and special education state aids. Revenue from investment earnings increased \$431,151 from the prior year.

The increased state funding, along with higher than projected revenues from "other" sources, including activity fees, admissions, inter-district tuition, and donations, accounted for the majority of the \$491,632 variance to budget, as shown above.

General Fund expenditures were very similar to the previous year in total, increasing by \$14,364. Purchased services increased \$1,272,628, mainly due to increased transportation and building maintenance costs. Personnel costs decreased \$407,095, due to reductions in retirement and healthcare benefits. Capital expenditures decreased \$481,767, due to the timing of projects.

Expenditures were over budget by \$840,940, mainly in purchased transportation services, and supplies and materials.

The decrease in other financing sources was due to a financed purchase of technology equipment in the previous year.

COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER FUNDS

Debt Service Fund

The Debt Service Fund is used to record principal and interest expenditures for the District's outstanding bonded indebtedness and the revenue sources used to finance them, whether for building construction, OPEB, or for initial or refunding bonds. The District made \$5,063,508 of scheduled debt service principal and interest payments on its outstanding bond issues in the current year, principally financed through annual debt service property tax levies. An additional \$8,435,000 of outstanding debt principal was called through a current refunding that will reduce the District's future debt service by approximately \$194,000. The year-end fund balance of \$1,129,404 is restricted for future debt service.

Analysis of Other (Nonmajor) Governmental Funds

The District's final budget for the Food Service Special Revenue Fund projected a fund balance decrease of \$79,997, compared to an actual decrease of \$136,655. Revenues were under budget by \$9,442, primarily due to elimination of federal funding for an expansion of meals served through the Seamless Summer Option Program. Expenditures were over appropriations by \$47,216, mainly in purchased services and supplies (food costs).

The District's final budget for the Community Service Special Revenue Fund projected a fund balance increase of \$39,437, compared to an actual increase of \$112,162. Revenues were over budget by \$113,332, mainly in program tuition and fees. Expenditures were over budget by \$40,607, primarily in purchased services.

The District established a Capital Projects – Building Construction Fund to account for the proceeds of its \$3.1 million 2022A General Obligation Tax Abatement Bonds and the capital projects being financed with those bonds. The District incurred capital project expenditures of \$902,343 during the year, leaving a fund balance of \$2,529,423 at year-end that is restricted for the completion of those projects.

Internal Service Funds

Internal service funds are used to account for the financing of goods and services provided by one department or agency of a government to other departments or agencies on a cost-reimbursement basis. The District maintains three internal service funds. The District's self-insured dental plan ended the year with a net position of \$131,168, an increase of \$49,699 from the prior year. The other two funds are used to account for the payment and financing of the District's severance and pension benefit liabilities, and its OPEB liabilities, including the administration of assets held in a revocable OPEB trust. Total net position of these two funds increased \$138,712 in fiscal 2023, mainly due to current year investment income. At year-end, the net position of these two funds totaled \$2,597,677.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

Table 6 shows the District's capital assets, together with changes from the previous year. The table also shows the total depreciation/amortization expense for fiscal years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Land	\$ 641,721	\$ 641,721	\$ -
Construction in progress	1,171,067	-	1,171,067
Buildings and improvements	96,209,656	96,209,656	-
Buildings – leased	1,469,269	1,469,269	-
Furniture and equipment	5,049,808	4,825,307	224,501
Less accumulated depreciation/amortization	<u>(39,998,402)</u>	<u>(37,628,475)</u>	<u>(2,369,927)</u>
Total	<u>\$ 64,543,119</u>	<u>\$ 65,517,478</u>	<u>\$ (974,359)</u>
Depreciation/amortization expense	<u>\$ 2,483,595</u>	<u>\$ 2,484,182</u>	<u>\$ (587)</u>

By the end of 2023, the District had invested in a broad range of capital assets, including school buildings, athletic facilities, and other equipment for various instructional programs (see Table 6). The majority of the current year capital asset additions represented construction in progress related to the projects financed with the 2022A bond issue.

Additional details about capital assets can be found in the Note 4 to the basic financial statements.

Long-Term Liabilities

Table 7 presents the components of the District's long-term liabilities and the change from the prior year:

	<u>2023</u>	<u>2022</u>	<u>Change</u>
G.O. bonds and certificates	\$ 47,815,000	\$ 48,520,000	\$ (705,000)
Premiums	1,100,598	1,704,192	(603,594)
Financed purchases payable	1,261,444	1,538,128	(276,684)
Lease liability	989,598	1,233,282	(243,684)
Severance payable	1,194,245	1,133,279	60,966
Total OPEB liability	6,517,343	7,185,370	(668,027)
Net/total pension liabilities	<u>37,741,822</u>	<u>20,988,690</u>	<u>16,753,132</u>
Total	<u>\$ 96,620,050</u>	<u>\$ 82,302,941</u>	<u>\$ 14,317,109</u>

Long-term liabilities increased about \$14.3 million from the prior year, mainly due to an increase in the District's proportionate share of the state-wide PERA and TRA pension plan liabilities, offset by and scheduled principal payments on outstanding bonds, certificates, financed purchases payable, and lease liability.

The state limits the amount of general obligation debt the District can issue to 15.0 percent of the market value of all taxable property within the District’s corporate limits (see Table 8).

District’s market value	\$ 4,112,728,142
Limit rate	<u>15.0%</u>
Legal debt limit	<u>\$ 616,909,221</u>

Additional details of the District’s long-term debt activity can be found in Note 5 to the basic financial statements, respectively.

FACTORS BEARING ON THE DISTRICT’S FUTURE

With the exception of the voter-approved operating referendum, the District is dependent on the state of Minnesota for a majority of its revenue authority.

The general education program is the method by which school districts receive the majority of their financial support. This source of funding is primarily state aid and, as such, school districts rely heavily on the state of Minnesota for educational resources. The Legislature has added \$275, or 4.00 percent, per pupil to the basic general education funding formula for fiscal year 2024, and an additional \$143, or 2.00 percent, per pupil to the formula for fiscal year 2025.

The amount of funding a district receives is also dependent on the number of students it serves, meaning attracting and retaining students is critical to the District’s financial well-being.

The District will strive to maintain its longstanding commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This ACFR is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this ACFR, or need additional financial information, contact the Business Office, Independent School District No. 199, 2990 80th Street East, Inver Grove Heights, Minnesota 55076.

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BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 199

Statement of Net Position
as of June 30, 2023
(With Partial Comparative Information as of June 30, 2022)

	Governmental Activities	
	2023	2022
Assets		
Cash and temporary investments	\$ 22,113,688	\$ 19,785,574
Receivables		
Current taxes	8,149,737	7,781,843
Delinquent taxes	105,518	79,168
Accounts and interest	250,355	60,944
Due from other governmental units	7,816,952	7,508,889
Lease	306,778	308,653
Inventory	20,910	21,844
Prepaid items	546,476	361,942
Restricted assets – temporarily restricted		
Cash and investments for OPEB	10,711,571	10,473,111
Capital assets		
Not depreciated/amortized	1,812,788	641,721
Depreciated, net of accumulated depreciation/amortization	62,730,331	64,875,757
Total capital assets, net of accumulated depreciation/amortization	64,543,119	65,517,478
Total assets	114,565,104	111,899,446
Deferred outflows of resources		
Pension plan deferments	11,248,576	12,027,974
OPEB plan deferments	482,045	645,134
Deferred charges on refunding	511,587	618,353
Total deferred outflows of resources	12,242,208	13,291,461
Total assets and deferred outflows of resources	\$ 126,807,312	\$ 125,190,907
Liabilities		
Salaries payable	\$ 3,343,560	\$ 3,569,257
Accounts and contracts payable	2,482,098	1,942,631
Claims payable	17,304	33,697
Accrued interest payable	848,400	782,955
Due to other governmental units	497,435	509,441
Unearned revenue	33,020	86,285
Long-term liabilities		
Due within one year	4,712,367	4,846,773
Due in more than one year	91,907,683	77,456,168
Total long-term liabilities	96,620,050	82,302,941
Total liabilities	103,841,867	89,227,207
Deferred inflows of resources		
Property taxes levied for subsequent year	14,149,325	13,413,275
Lease revenue for subsequent year	306,778	308,653
Pension plan deferments	6,695,650	32,224,667
OPEB plan deferments	1,869,442	1,026,790
Deferred gain on refunding	773,446	–
Total deferred inflows of resources	23,794,641	46,973,385
Net position		
Net investment in capital assets	22,780,820	20,599,420
Restricted for		
Capital asset acquisition	3,920,074	3,742,156
Food service	882,595	1,019,250
Community service	345,578	232,541
Debt service	318,094	369,134
Other purposes (state funding restrictions)	984,896	926,344
Unrestricted	(30,061,253)	(37,898,530)
Total net position	(829,196)	(11,009,685)
Total liabilities, deferred inflows of resources, and net position	\$ 126,807,312	\$ 125,190,907

INDEPENDENT SCHOOL DISTRICT NO. 199

Statement of Activities
 Year Ended June 30, 2023
 (With Partial Comparative Information for the Year Ended June 30, 2022)

Functions/Programs	2023			2022	
	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	
				Governmental Activities	
Governmental activities					
Administration	\$ 1,761,976	\$ -	\$ -	\$ (1,761,976)	\$ (1,828,593)
District support services	2,744,092	426	-	(2,743,666)	(2,351,419)
Elementary and secondary regular instruction	16,091,529	311,522	1,572,093	(14,207,914)	(18,992,154)
Vocational education instruction	203,882	-	14,074	(189,808)	(347,159)
Special education instruction	7,759,183	348,201	6,550,912	(860,070)	(2,169,282)
Instructional support services	3,005,707	74	25,681	(2,979,952)	(2,812,016)
Pupil support services	6,634,491	210	1,477,860	(5,156,421)	(5,320,133)
Sites and buildings	5,240,908	17,793	56,227	(5,166,888)	(5,611,753)
Fiscal and other fixed cost programs	241,015	-	-	(241,015)	(163,946)
Food service	2,654,476	639,381	1,786,358	(228,737)	438,522
Community service	1,996,630	1,126,552	441,174	(428,904)	(457,762)
Depreciation/amortization not allocated directly to programs	2,022,282	-	-	(2,022,282)	(2,039,841)
Interest on long-term debt	1,695,630	-	-	(1,695,630)	(1,693,967)
Total governmental activities	<u>\$ 52,051,801</u>	<u>\$ 2,444,159</u>	<u>\$ 11,924,379</u>	(37,683,263)	(43,349,503)
General revenues					
Taxes					
Property taxes levied for general purposes				9,314,067	9,403,432
Property taxes levied for community service				482,806	487,907
Property taxes levied for debt service				4,994,362	4,968,789
General grants and aids				30,872,858	31,071,764
Other general revenues				830,574	776,052
Investment earnings (charges)				1,369,085	(1,206,268)
Total general revenues				<u>47,863,752</u>	<u>45,501,676</u>
Change in net position				10,180,489	2,152,173
Net position – beginning				<u>(11,009,685)</u>	<u>(13,161,858)</u>
Net position – ending				<u>\$ (829,196)</u>	<u>\$ (11,009,685)</u>

INDEPENDENT SCHOOL DISTRICT NO. 199

Balance Sheet
 Governmental Funds
 as of June 30, 2023
 (With Partial Comparative Information as of June 30, 2022)

	General Fund	Debt Service Fund	Nonmajor Funds
Assets			
Cash and temporary investments	\$ 11,819,870	\$ 3,621,546	\$ 4,537,605
Receivables			
Current taxes	5,041,535	2,879,604	228,598
Delinquent taxes	64,938	37,090	3,490
Accounts and interest	247,773	-	2,582
Due from other governmental units	7,527,852	19,787	269,313
Due from other funds	307,287	-	-
Lease	306,778	-	-
Inventory	-	-	20,910
Prepaid items	524,948	-	19,831
	<u>\$ 25,840,981</u>	<u>\$ 6,558,027</u>	<u>\$ 5,082,329</u>
Liabilities			
Salaries payable	\$ 3,239,512	\$ -	\$ 104,048
Accounts and contracts payable	1,724,006	-	758,092
Due to other governmental units	479,410	-	18,025
Due to other funds	16,461	-	-
Unearned revenue	-	-	16,559
Total liabilities	<u>5,459,389</u>	<u>-</u>	<u>896,724</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	8,329,783	5,391,533	428,009
Lease revenue for subsequent year	306,778	-	-
Unavailable revenue – delinquent taxes	64,938	37,090	3,490
Total deferred inflows of resources	<u>8,701,499</u>	<u>5,428,623</u>	<u>431,499</u>
Fund balances			
Nonspendable	524,948	-	40,741
Restricted	4,813,819	1,129,404	3,713,365
Assigned	2,180,752	-	-
Unassigned	4,160,574	-	-
Total fund balances	<u>11,680,093</u>	<u>1,129,404</u>	<u>3,754,106</u>
	<u>\$ 25,840,981</u>	<u>\$ 6,558,027</u>	<u>\$ 5,082,329</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 25,840,981</u>	<u>\$ 6,558,027</u>	<u>\$ 5,082,329</u>

Total Governmental Funds

	2023		2022
\$	19,979,021	\$	17,747,853
	8,149,737		7,781,843
	105,518		79,168
	250,355		60,944
	7,816,952		7,508,889
	307,287		445,993
	306,778		308,653
	20,910		21,844
	544,779		360,200
	<u>37,481,337</u>		<u>34,315,387</u>
\$	3,343,560	\$	3,569,257
	2,482,098		1,942,631
	497,435		517,547
	16,461		19,048
	16,559		59,131
	<u>6,356,113</u>		<u>6,107,614</u>
	14,149,325		13,413,275
	306,778		308,653
	105,518		79,168
	<u>14,561,621</u>		<u>13,801,096</u>
	565,689		382,044
	9,656,588		7,003,654
	2,180,752		2,706,524
	4,160,574		4,314,455
	<u>16,563,603</u>		<u>14,406,677</u>
\$	<u>37,481,337</u>	\$	<u>34,315,387</u>

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INDEPENDENT SCHOOL DISTRICT NO. 199

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of June 30, 2023
(With Partial Comparative Information as of June 30, 2022)

	<u>2023</u>	<u>2022</u>
Total fund balances – governmental funds	\$ 16,563,603	\$ 14,406,677
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	104,541,521	103,145,953
Accumulated depreciation/amortization	(39,998,402)	(37,628,475)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable.		
G.O. bonds and certificates	(47,815,000)	(48,520,000)
Unamortized (premiums) discounts	(1,100,598)	(1,704,192)
Financed purchases payable	(1,261,444)	(1,538,128)
Lease liability	(989,598)	(1,233,282)
Net pension liability – PERA and TRA pension plans	(36,849,802)	(19,818,804)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.		
	2,728,845	2,540,434
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.		
	(848,400)	(782,955)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – PERA and TRA pension plans	11,029,904	11,650,233
Deferred outflows of resources – deferred charges on refunding	511,587	618,353
Deferred inflows of resources – PERA and TRA pension plans	(6,673,484)	(32,224,667)
Deferred inflows of resources – delinquent property taxes	105,518	79,168
Deferred inflows of resources – deferred gain on refunding	(773,446)	–
Total net position – governmental activities	<u>\$ (829,196)</u>	<u>\$ (11,009,685)</u>

INDEPENDENT SCHOOL DISTRICT NO. 199

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2023
 (With Partial Comparative Information for the Year Ended June 30, 2022)

	General Fund	Debt Service Fund	Nonmajor Funds
Revenue			
Local sources			
Property taxes	\$ 9,297,076	\$ 4,985,878	\$ 481,931
Investment earnings	440,167	50,603	130,267
Other	1,476,170	-	1,765,933
State sources	35,287,030	40,694	490,646
Federal sources	5,067,212	-	1,736,886
Total revenue	<u>51,567,655</u>	<u>5,077,175</u>	<u>4,605,663</u>
Expenditures			
Current			
Administration	1,994,643	-	-
District support services	2,698,707	-	-
Elementary and secondary regular instruction	20,455,502	-	-
Vocational education instruction	298,099	-	-
Special education instruction	9,238,849	-	-
Instructional support services	3,507,838	-	-
Pupil support services	7,198,514	-	-
Sites and buildings	5,281,560	-	-
Fiscal and other fixed cost programs	241,015	-	-
Food service	-	-	2,539,940
Community service	191,187	-	1,948,844
Capital outlay	-	-	952,564
Debt service			
Principal	665,368	3,330,000	-
Interest and fiscal charges	182,928	1,811,445	-
Total expenditures	<u>51,954,210</u>	<u>5,141,445</u>	<u>5,441,348</u>
Excess (deficiency) of revenue over expenditures	(386,555)	(64,270)	(835,685)
Other financing sources (uses)			
Bonds issued	-	-	3,100,000
Refunding bonds issued	-	8,105,000	-
Premiums on bonds issued	-	400,191	240,615
Bond refunding payments	-	(8,435,000)	-
Sale of capital assets	21,000	-	-
Insurance recovery	11,630	-	-
Financed purchase	-	-	-
Total other financing sources (uses)	<u>32,630</u>	<u>70,191</u>	<u>3,340,615</u>
Net change in fund balances	(353,925)	5,921	2,504,930
Fund balances			
Beginning of year	<u>12,034,018</u>	<u>1,123,483</u>	<u>1,249,176</u>
End of year	<u>\$ 11,680,093</u>	<u>\$ 1,129,404</u>	<u>\$ 3,754,106</u>

Total Governmental Funds	
2023	2022
\$ 14,764,885	\$ 14,841,686
621,037	15,523
3,242,103	3,107,321
35,818,370	34,870,079
6,804,098	7,745,198
<u>61,250,493</u>	<u>60,579,807</u>
1,994,643	1,911,140
2,698,707	2,412,691
20,455,502	21,375,645
298,099	367,756
9,238,849	9,263,242
3,507,838	3,416,861
7,198,514	6,026,145
5,281,560	5,728,228
241,015	209,045
2,539,940	2,316,904
2,140,031	2,169,732
952,564	101,093
3,995,368	4,020,864
1,994,373	2,055,870
<u>62,537,003</u>	<u>61,375,216</u>
(1,286,510)	(795,409)
3,100,000	—
8,105,000	—
640,806	—
(8,435,000)	—
21,000	—
11,630	—
—	263,700
<u>3,443,436</u>	<u>263,700</u>
2,156,926	(531,709)
<u>14,406,677</u>	<u>14,938,386</u>
<u>\$ 16,563,603</u>	<u>\$ 14,406,677</u>

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INDEPENDENT SCHOOL DISTRICT NO. 199

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

(With Partial Comparative Information for the Year Ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
Total net change in fund balances – governmental funds	\$ 2,156,926	\$ (531,709)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded in net position and the cost is allocated over their estimated useful lives as depreciation or amortization expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	1,509,236	291,674
Depreciation or amortization expense	(2,483,595)	(2,484,182)
The amount of debt issued is reported as a source of financing in the governmental funds. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
G.O. bonds and certificates	(11,205,000)	–
Financed purchases payable	–	(263,700)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.		
	188,411	(1,477,845)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
G.O. bonds and certificates	11,910,000	3,325,000
Financed purchases payable	276,684	459,877
Lease liability	243,684	235,987
Net pension liability – PERA and TRA pension plans	(17,030,998)	12,658,768
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.		
	(65,445)	66,890
Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.		
	603,594	401,779
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – PERA and TRA pension plans	(620,329)	(1,755,760)
Deferred outflows of resources – deferred charges on refunding	(106,766)	(106,766)
Deferred inflows of resources – PERA and TRA pension plans	25,551,183	(8,686,282)
Deferred inflows of resources – delinquent property taxes	26,350	18,442
Deferred outflows of resources – deferred charges on refunding	(773,446)	–
Change in net position – governmental activities	<u>\$10,180,489</u>	<u>\$ 2,152,173</u>

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INDEPENDENT SCHOOL DISTRICT NO. 199

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 General Fund
 Year Ended June 30, 2023

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Property taxes	\$ 9,467,139	\$ 9,365,256	\$ 9,297,076	\$ (68,180)
Investment earnings	75,000	399,000	440,167	41,167
Other	1,273,446	1,201,298	1,476,170	274,872
State sources	34,890,248	35,055,861	35,287,030	231,169
Federal sources	5,027,517	5,054,608	5,067,212	12,604
Total revenue	<u>50,733,350</u>	<u>51,076,023</u>	<u>51,567,655</u>	<u>491,632</u>
Expenditures				
Current				
Administration	1,973,822	2,011,373	1,994,643	(16,730)
District support services	2,459,678	2,577,239	2,698,707	121,468
Elementary and secondary regular instruction	20,931,682	20,515,679	20,455,502	(60,177)
Vocational education instruction	209,251	290,447	298,099	7,652
Special education instruction	9,402,826	9,290,932	9,238,849	(52,083)
Community education and services	202,872	189,837	191,187	1,350
Instructional support services	3,652,004	3,914,280	3,507,838	(406,442)
Pupil support services	5,667,100	6,163,776	7,198,514	1,034,738
Sites and buildings	5,358,646	5,062,526	5,281,560	219,034
Fiscal and other fixed cost programs	232,000	243,000	241,015	(1,985)
Debt service				
Principal	479,399	642,972	665,368	22,396
Interest and fiscal charges	170,594	211,209	182,928	(28,281)
Total expenditures	<u>50,739,874</u>	<u>51,113,270</u>	<u>51,954,210</u>	<u>840,940</u>
Excess (deficiency) of revenue over expenditures	(6,524)	(37,247)	(386,555)	(349,308)
Other financing sources				
Sale of capital assets	—	—	21,000	21,000
Insurance recovery	—	—	11,630	11,630
Total other financing sources	<u>—</u>	<u>—</u>	<u>32,630</u>	<u>32,630</u>
Net change in fund balances	<u>\$ (6,524)</u>	<u>\$ (37,247)</u>	<u>(353,925)</u>	<u>\$ (316,678)</u>
Fund balances				
Beginning of year			<u>12,034,018</u>	
End of year			<u>\$ 11,680,093</u>	

INDEPENDENT SCHOOL DISTRICT NO. 199

Statement of Net Position
 Proprietary Funds
 as of June 30, 2023
 (With Partial Comparative Information as of June 30, 2022)

	Internal Service Funds	
	2023	2022
Assets		
Current assets		
Cash and temporary investments	\$ 2,134,667	\$ 2,037,721
Receivables		
Due from other funds	16,461	19,048
Prepaid items	1,697	1,742
Total current assets	<u>2,152,825</u>	<u>2,058,511</u>
Noncurrent assets		
Restricted assets – temporarily restricted		
Cash and cash equivalents	3,311,475	3,342,380
Investments	<u>7,400,096</u>	<u>7,130,731</u>
Total restricted assets – temporarily restricted	<u>10,711,571</u>	<u>10,473,111</u>
Total assets	<u>12,864,396</u>	<u>12,531,622</u>
Deferred outflows of resources		
OPEB plan deferments	482,045	645,134
Pension plan deferments	<u>218,672</u>	<u>377,741</u>
Total deferred outflows of resources	<u>700,717</u>	<u>1,022,875</u>
Liabilities		
Current liabilities		
Claims payable	17,304	33,697
Severance benefits payable	41,450	51,642
Total OPEB liability	307,287	445,993
Total pension liability	173,495	353,770
Due to other funds	307,287	445,993
Unearned revenue	<u>16,461</u>	<u>19,048</u>
Total current liabilities	<u>863,284</u>	<u>1,350,143</u>
Long-term liabilities, net of current portion		
Severance benefits payable	1,152,795	1,081,637
Total OPEB liability	6,210,056	6,739,377
Total pension liability	<u>718,525</u>	<u>816,116</u>
Total long-term liabilities	<u>8,081,376</u>	<u>8,637,130</u>
Total liabilities	<u>8,944,660</u>	<u>9,987,273</u>
Deferred inflows of resources		
OPEB plan deferments	1,869,442	1,026,790
Pension plan deferments	<u>22,166</u>	<u>–</u>
Total deferred outflows of resources	<u>1,891,608</u>	<u>1,026,790</u>
Net position		
Restricted for OPEB liabilities	2,499,544	2,460,092
Unrestricted	<u>229,301</u>	<u>80,342</u>
Total net position	<u>\$ 2,728,845</u>	<u>\$ 2,540,434</u>

INDEPENDENT SCHOOL DISTRICT NO. 199

Statement of Revenue, Expenses, and Changes in Net Position
 Proprietary Funds
 Year Ended June 30, 2023
 (With Partial Comparative Information for the Year Ended June 30, 2022)

	Internal Service Funds	
	2023	2022
Operating revenue		
Contributions from governmental funds	\$ 699,142	\$ 928,486
Operating expenses		
Dental benefit claims	425,260	438,044
Severance benefits	111,654	(65,307)
Pension benefits	76,864	102,463
OPEB	645,001	709,340
Total operating expenses	<u>1,258,779</u>	<u>1,184,540</u>
Operating (loss)	(559,637)	(256,054)
Nonoperating revenues		
Investment earnings (losses)	<u>748,048</u>	<u>(1,221,791)</u>
Change in net position	188,411	(1,477,845)
Net position		
Beginning of year	<u>2,540,434</u>	<u>4,018,279</u>
End of year	<u>\$ 2,728,845</u>	<u>\$ 2,540,434</u>

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INDEPENDENT SCHOOL DISTRICT NO. 199

Statement of Cash Flows
 Proprietary Funds
 Year Ended June 30, 2023
 (With Partial Comparative Information for the Year Ended June 30, 2022)

	Internal Service Funds	
	2023	2022
Cash flows from operating activities		
Receipts from assessments made to governmental funds	\$ 560,481	\$ 679,188
Payments for dental claims	(441,653)	(420,832)
Benefit payments	(531,470)	(880,329)
Net cash flows from operating activities	<u>(412,642)</u>	<u>(621,973)</u>
Cash flows from investing activities		
Purchase of investments	(5,964,270)	(806,810)
Sales and maturities of investments	5,694,905	1,233,825
Interest and dividends on investments	748,048	(1,221,791)
Net cash flows from investing activities	<u>478,683</u>	<u>(794,776)</u>
Net change in cash and cash equivalents	66,041	(1,416,749)
Cash and cash equivalents		
Beginning of year	<u>5,380,101</u>	<u>6,796,850</u>
End of year	<u>\$ 5,446,142</u>	<u>\$ 5,380,101</u>
Reconciliation of operating (loss) to net cash flows from operating activities		
Operating (loss)	\$ (559,637)	\$ (256,054)
Adjustments to reconcile operating (loss) to net cash flows from operating activities		
Changes in assets, liabilities, and deferred outflows/inflows of resources		
Due from other funds	2,587	(40)
Prepaid items	45	(32)
Claims payable	(16,393)	17,212
Unearned revenue	(2,587)	(39,554)
OPEB plan deferments	1,005,741	(14,977)
Pension plan deferments	181,235	23,699
Due to other funds	(138,706)	(209,672)
Total pension liability	(277,866)	(275,006)
Total OPEB liability	(668,027)	278,324
Severance benefits payable	60,966	(145,873)
Net cash flows from operating activities	<u>\$ (412,642)</u>	<u>\$ (621,973)</u>

INDEPENDENT SCHOOL DISTRICT NO. 199

Statement of Fiduciary Net Position
 Fiduciary Funds
 as of June 30, 2023

	<u>Custodial Fund</u>
Assets	\$ —
Liabilities	<u>—</u>
Net position Restricted	<u><u>\$ —</u></u>

Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 Year Ended June 30, 2023

	<u>Custodial Fund</u>
Additions	
Contributions	\$ 3,212
Deductions	
Donations	<u>3,212</u>
Change in net position	—
Net position	
Beginning of year	<u>—</u>
End of year	<u><u>\$ —</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 199

Notes to Basic Financial Statements
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 199, Inver Grove Heights, Minnesota (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. It is governed by a seven-member School Board elected by the voters of the District to serve four-year terms. The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

The accompanying financial statements include all funds, departments, agencies, boards, commissions, and other organizations that comprise the District, along with any component units.

Component units are legally separate entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit. Based on these criteria, there are no organizations considered to be component units of the District.

C. Government-Wide Financial Statement Presentation

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. Generally, the effect of material interfund activity has been removed from the government-wide financial statements. Transactions representing interfund services provided and used are not eliminated in the consolidation process to the government-wide financial statements.

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 internally directed revenues are reported instead as general revenues.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For capital assets that can be specifically identified with, or allocated to, functional areas, depreciation/amortization expense is included as a direct expense in the functional areas that utilize the related capital assets. For capital assets that essentially serve all functional areas, depreciation/amortization expense is reported as “depreciation/amortization not allocated directly to programs.” Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

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

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:

- 1. Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District generally considers revenues to be available if they are collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to funding formulas established by Minnesota Statutes. Proceeds of long-term debt are reported as other financing sources.

Property taxes; federal, state, and local grants and aids; and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and other long-term liabilities, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as capital outlay expenditures in governmental funds. In the General Fund, capital expenditures are included within the applicable functional areas.

Internal service funds are presented in the proprietary fund financial statements. Because the principal users of the internal services are the District’s governmental activities, the financial activity of the internal service funds are consolidated into the governmental activities in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenue of the District’s internal service funds is charges to customers (other district funds) for services. Operating expenses for the internal service funds include the cost of services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary funds are presented in fiduciary fund financial statements by type (custodial). 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 government-wide financial statements.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as described earlier in these notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Funds

The existence of the various funds has been established by the Minnesota Department of Education (MDE). Each fund is accounted for as an independent entity. Descriptions of the funds in this report are 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.

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

Nonmajor Governmental Funds

Food Service Special Revenue Fund – The Food Service Special Revenue Fund is primarily used to account for the District’s child nutrition program.

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, adult or early childhood programs, or other similar services.

Capital Projects – Building Construction Fund – The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities, generally authorized by bond issue.

Proprietary Funds

Dental Self-Insurance Internal Service Fund – The Dental Self-Insurance Internal Service Fund is used to account for and finance the self-insured risk of loss of the District’s employee dental plan.

Severance and Pension Benefits Internal Service Fund – The Severance and Pension Benefits Internal Service Fund is used to account for the payment and financing of its severance and pension benefit liabilities.

Other Post-Employment Benefits (OPEB) Internal Service Fund – The Other Post-Employment Benefits (OPEB) Internal Service Fund is used to account for the payment and financing of its OPEB liabilities, including the administration of assets held in a revocable trust to finance these liabilities.

Fiduciary Funds

Custodial Fund – The Custodial Fund is used as a flow through mechanism in which the District receives funds and distributes these funds to an organization, with no financial benefit to the District.

E. Budgetary Information

The School Board adopts annual budgets for all governmental funds on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. All appropriations lapse at year-end. Actual expenditures for the year ended June 30, 2023 exceeded budgeted appropriations by \$840,940, \$47,216, \$40,607, \$702,343, and \$63,197 in the General Fund, Food Service Special Revenue Fund, Community Service Special Revenue Fund, Capital Projects – Building Construction Fund, and Debt Service Fund, respectively. The additional expenditures were approved by the School Board as required by Minnesota Statutes, and were financed by revenues or other financing sources in excess of budget, along with available fund balances.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Temporary Investments

Cash and temporary investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the respective funds based on the applicable cash balance participation of each fund. Earnings from bond proceeds invested in the Capital Projects – Building Construction Fund are allocated directly to that fund.

Certain cash and investments are held in segregated accounts established for specific purposes. In the OPEB Internal Service Fund, restricted assets are reported for assets held in a revocable trust established to finance the District’s liability for post-employment insurance benefits. These cash and investment balances are reported as restricted assets in the government-wide financial statements. Earnings from these investments are allocated directly to the applicable funds.

For purposes of the Statement of Cash Flows, the District considers all highly liquid debt instruments with an original maturity from the time of purchase by the District of three months or less to be cash equivalents. The proprietary fund’s equity in the government-wide cash and investment management pool is considered to be cash equivalent.

Investments are generally stated at fair value, except for certain external investment pools, which are stated at amortized cost. Short-term, highly liquid debt instruments (including commercial paper, bankers’ acceptance, and U.S. Treasury and agency obligations) purchased with a remaining maturity of one year or less may also be reported at amortized cost. Investment income is accrued at the Balance Sheet date.

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices.

See Note 2 for the District’s recurring fair value measurements at year-end.

G. Receivables

When necessary, the District utilizes an allowance for uncollectible accounts to value its receivables. However, the District considers all of its current receivables to be collectible. The only receivables not expected to be fully collected within one year are leases and delinquent property taxes receivable.

At June 30, 2023, the District reported the following receivables due from other governmental units:

Due from the MDE	\$ 7,213,060
Due from other Minnesota school districts	329,605
Due from Dakota County and other	<u>274,287</u>
Total due from other governmental units	<u>\$ 7,816,952</u>

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Interfund Balances and Transfers

The current portions of interfund balances representative of lending/borrowing arrangements outstanding at the end of the fiscal year are reported as due to/due from other funds. At June 30, 2023, the General Fund reported a receivable of \$307,287 due from the OPEB Internal Service Fund to reimburse OPEB costs initially paid by the General Fund, and a payable of \$16,461 due to the Dental Self-Insurance Internal Service Fund for premiums.

Interfund balances and transfers are reported in the fund financial statements, but are eliminated as necessary in the government-wide financial statements.

I. Inventories

Inventories are recorded using the consumption method of accounting and consist of surplus commodities received from the federal government. Surplus commodities are stated at standardized costs, as determined by the U.S. Department of Agriculture.

J. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are recorded as expense/expenditures at the time of consumption.

K. Property Taxes

The majority of district revenue is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between property taxes and state aids by the Legislature based on education funding priorities.

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the “tax shift,” which periodically changes the District’s recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year’s levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes \$1,109,570 of the property tax levy collectible in 2023 as revenue to the District in fiscal year 2022–2023. The remaining portion of the taxes collectible in 2023 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

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

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 reported as a deferred inflow of resources (unavailable revenue) in the fund-based financial statements because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes is considered necessary.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Capital Assets

Capital assets that are purchased or constructed by the District are recorded at historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation. Lease assets are recorded based on the measurement of payments applicable to the lease term. The District defines capital assets as those with an initial, individual cost of \$5,000 or more, which benefit more than one fiscal year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial 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 generally sold for an immaterial amount or scrapped when declared as no longer fit or needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for buildings and improvements, and 5 to 20 years for furniture and equipment. Lease assets are amortized over the term of the lease or over the useful life of the applicable asset class previously described, if future ownership is anticipated. Land and construction in progress are not depreciated.

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

M. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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 or discounts are reported as other financing sources or uses, respectively.

N. Compensated Absences

Eligible employees accrue vacation and sick leave at varying rates as specified by contract, portions of which may be carried over to future years. Compensated absences are accrued in the governmental fund financial statements only to the extent they have been used or otherwise matured prior to year-end. Unused vacation accrued at year-end is insignificant, and no vacation liability has been recorded in the government-wide financial statements beyond the amounts that were used or matured by year-end. Unused sick leave enters into the calculation of severance benefits for some employees upon termination.

O. Severance Benefits

Under the terms of collectively bargained employment contracts, certain district employee groups, including teachers, may become eligible to receive lump sum severance benefits. Eligibility is based on years of service and/or minimum age requirements.

Severance benefits are calculated by converting a portion of unused, accrued sick leave times a pay rate specified in the employee's collectively bargained contract. Severance benefits based on convertible sick leave are recorded as a liability in the Severance and Pension Benefits Internal Service Fund as they are earned and it becomes probable they will vest at some point in the future.

Employees may also elect to receive district matching contributions to their 403(b) individual retirement accounts. An individual's future severance benefits will be reduced by any 403(b) matching payments received. In accordance with Minnesota Statutes, no employee can receive severance or retirement incentive benefits that exceed one year's salary.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. State-Wide Pension Plans

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 the Teachers Retirement Association (TRA) and additions to/deductions from the PERA's and the TRA's fiduciary net positions have been determined on the same basis as they are reported by the PERA and the 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.

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

Q. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, statements of financial position or balance sheets will sometimes report separate sections for deferred outflows or inflows of resources. These separate financial statement elements represent a consumption or acquisition of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) or an inflow of financial resources (revenue) until then.

The District reports deferred outflows and inflows of resources related to pensions and OPEB in the government-wide and proprietary fund Statement of Net Position. These deferred outflows and inflows result from differences between expected and actual experience, changes of assumptions, changes in proportion, differences between projected and actual earnings on pension and OPEB Plan investments, and contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension and OPEB standards.

The District reports deferred outflows and inflows of resources related to deferred charges and gains on refunding in the government-wide Statement of Net Position. Deferred charges or gains on refunding result from the difference in the carrying value of refunded debt and its reacquisition price. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt.

The District reports deferred inflows of resources in both the government-wide Statement of Net Position and the governmental funds Balance Sheet for lease receivables, which requires lessors to recognize deferred inflows of resources to correspond to lease receivables. These amounts are deferred and amortized in a systematic and rationale manner over the term of the lease.

Property taxes levied for subsequent years, which represents property taxes received or reported as a receivable before the period for which the taxes are levied, are reported as a deferred inflow of resources in both the government-wide Statement of Net Position and the governmental funds Balance Sheet. Property taxes levied for subsequent years are deferred and recognized as an inflow of resources in the government-wide financial statements in the year for which they are levied, and in the governmental fund financial statements during the year for which they are levied, if available.

Unavailable revenue from property taxes arises under a modified accrual basis of accounting and is reported only in the governmental funds Balance Sheet. Delinquent property taxes not collected within 60 days of year-end are deferred and recognized as an inflow of resources in the governmental funds in the period the amounts become available.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Net Position

In the government-wide and proprietary fund financial statements, net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is displayed in three components:

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation and amortization, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted** – Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Unrestricted** – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

S. Fund Balance Classifications

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

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by resolution of the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to School Board resolution, the District’s director of business services is authorized to establish assignments of fund balance.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Risk Management

- 1. General Insurance** – The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; employee medical; and workers’ compensation for which the District carries commercial insurance. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. There were no significant reductions in the District’s insurance coverage in the current fiscal year.
- 2. Self-Insurance** – The District established an internal service fund to account for and finance its self-insured risk of loss for an employee dental insurance plan. Under this plan, the internal service fund provides coverage to participating employees and their dependents for various dental costs as described in the plan.

The District makes premium payments that include both employer and employee contributions to the internal service fund on behalf of program participants based on rates determined by insurance company estimates of monthly claims paid for each coverage class, and administrative service charges.

District claim liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have incurred, but not reported. Because actual claim liabilities depend on complex factors, such as inflation, changes in legal doctrines, and damage awards, the process used in computing a claim liability does not necessarily result in an exact amount. Claim liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Changes in the balance of dental claim liabilities for the last two years were as follows:

Fiscal Year Ended	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
June 30, 2022	\$ 16,485	\$ 438,044	\$ 420,832	\$ 33,697
June 30, 2023	\$ 33,697	\$ 425,260	\$ 441,653	\$ 17,304

U. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the amounts reported at the date of the financial statements and during the reporting period. Actual results could differ from those estimates.

V. Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total, but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District’s financial statements for the year ended June 30, 2022, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

Cash and investments at year-end consist of the following:

Deposits	\$ 1,355,744
Investments	31,467,248
Petty cash	<u>2,267</u>
Total	<u>\$ 32,825,259</u>

Cash and investments are presented in the financial statements as follows:

Statement of Net Position	
Cash and temporary investments	\$ 22,113,688
Temporarily restricted – cash and investments for OPEB	<u>10,711,571</u>
Total	<u>\$ 32,825,259</u>

B. Deposits

In accordance with applicable Minnesota Statutes, the District maintains deposits at depository banks authorized by the School Board, including checking accounts, savings accounts, and nonnegotiable certificates of deposit.

The following is considered the most significant risk associated with deposits:

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may be lost.

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by federal deposit insurance or corporate surety bonds. 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. The District’s deposit policies do not further limit depository choices.

At year-end, the bank balances of the District’s deposits totaled \$1,609,357, all of which were fully covered by federal deposit insurance, surety bonds, or collateral held by the District’s agent in the District’s name.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments

The District has the following investments at year-end:

Deposits/Investments	Credit Risk		Fair Value	Interest Risk – Maturity Duration in Years				Total
	Rating	Agency	Measurements Using	Less Than 1	1 to 5	6 to 10	Greater Than 10	
U.S. treasury securities	Not Rated		Level 1	\$ 4,102,132	\$ 186,388	\$ 529,359	\$ 393,193	\$ 5,211,072
U.S. agency securities	AA	S&P	Level 1	\$ –	\$ 56,638	\$ 82,963	\$ –	139,601
U.S. agency securities	Not Rated		Level 1	\$ –	\$ –	\$ –	\$ 1,250,199	1,250,199
Corporate obligations	AA	S&P	Level 1	\$ –	\$ –	\$ 111,262	\$ 91,822	203,084
Corporate obligations	A	S&P	Level 1	\$ –	\$ 286,588	\$ 103,812	\$ 47,430	437,830
Corporate obligations	A	Moody's	Level 1	\$ –	\$ 67,676	\$ 127,352	\$ –	195,028
Corporate obligations	BBB	S&P	Level 1	\$ –	\$ 249,647	\$ 321,987	\$ 86,552	658,186
Corporate obligations	Baa	Moody's	Level 1	\$ –	\$ 52,281	\$ –	\$ –	52,281
Negotiable certificates of deposits	Not Rated		Level 2	\$ 245,953	\$ –	\$ –	\$ –	245,953
Mortgage backed securities	AAA		Level 1	\$ –	\$ –	\$ –	\$ 61,127	61,127
Equities	Not Rated		Level 1		No Maturity Date			2,584,538
Real asset mutual funds	Not Rated		Level 2		No Maturity Date			709,284
Real estate investment trusts	Not Rated		Level 1		No Maturity Date			66,782
Mutual funds	Not Rated		Level 1		No Maturity Date			3,244,693
MNTrust investment pools								
Investment Shares Portfolio	AAA	S&P	Amortized Cost		No Maturity Date			13,328,808
Term Series	Not Rated		Amortized Cost	\$ 1,000,000	\$ –	\$ –	\$ –	1,000,000
Full Flex	Not Rated		Amortized Cost		No Maturity Date			2,078,782
Total investments								<u>\$ 31,467,248</u>

The District's investments include investment pools managed by MNTrust, which are external investment pools regulated by Minnesota Statutes not registered with the Securities and Exchange Commission. The District's investments in these investment pools are measured at the net asset value per share provided by the pools, which are based on amortized cost methods that approximate fair value. There are no restrictions or limitations on withdrawals from the MNTrust Investment Shares Portfolio. MNTrust Full Flex investments can be withdrawn weekly with one day advance notice. MNTrust Term Series are intended to be held until maturity; a participant's withdrawal prior to maturity will require seven-days' notice of redemption and will likely carry a penalty, which could be substantial in that it would be intended to allow the MNTrust Term Series to recoup any associated penalties, charges, losses, or other costs associated with the early redemption of the investments therein.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments are subject to various risks, the following of which are considered the most significant:

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Although the District’s investment policies do not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the District’s investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are 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 corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts with parties meeting minimum stator requirements; repurchase or reverse purchase agreements 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; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers.

For assets held in the District’s revocable OPEB trust accounted for in its OPEB Internal Service Fund, the investment options available to the District are expanded to include the investment types specified in Minnesota Statutes § 356A.06, Subd. 7. The District’s investment policies do not further restrict investing in specific financial instruments.

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

Concentration Risk – This is the risk associated with investing a significant portion of the District’s investments (considered 5.0 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District’s investment policies do not address concentration risk.

NOTE 3 – LEASE RECEIVABLE

The District has entered into a lease receivable agreement for cell tower rental space of district property. The lease is reported using an incremental interest rate of 3.00 percent with a final maturity in fiscal 2056. During the current year, the District received principal and interest payments on this lease of \$11,109.

NOTE 4 – CAPITAL ASSETS

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

	Balance – 06/30/2022	Additions	Deletions	Balance – 06/30/2023
Capital assets, not depreciated/amortized				
Land	\$ 641,721	\$ –	\$ –	\$ 641,721
Construction in progress	–	1,171,067	–	1,171,067
Total capital assets, not depreciated/amortized	<u>641,721</u>	<u>1,171,067</u>	<u>–</u>	<u>1,812,788</u>
Capital assets, depreciated/amortized				
Buildings and improvements	96,209,656	–	–	96,209,656
Buildings – leased	1,469,269	–	–	1,469,269
Furniture and equipment	4,825,307	338,169	(113,668)	5,049,808
Total capital assets, depreciated/amortized	<u>102,504,232</u>	<u>338,169</u>	<u>(113,668)</u>	<u>102,728,733</u>
Less accumulated depreciation/amortization for				
Buildings and improvements	(33,958,807)	(1,898,471)	–	(35,857,278)
Buildings – leased	(244,878)	(244,878)	–	(489,756)
Furniture and equipment	(3,424,790)	(340,246)	113,668	(3,651,368)
Total accumulated depreciation/amortization	<u>(37,628,475)</u>	<u>(2,483,595)</u>	<u>113,668</u>	<u>(39,998,402)</u>
Net capital assets, depreciated/amortized	<u>64,875,757</u>	<u>(2,145,426)</u>	<u>–</u>	<u>62,730,331</u>
Total capital assets, net	<u>\$ 65,517,478</u>	<u>\$ (974,359)</u>	<u>\$ –</u>	<u>\$ 64,543,119</u>

Depreciation/amortization expense for the year was charged to the following governmental functions:

District support services	\$ 36,705
Elementary and secondary regular instruction	21,904
Pupil support services	119,712
Sites and buildings	244,878
Food service	37,097
Community service	1,017
Depreciation/amortization not allocated directly to programs	<u>2,022,282</u>
Total depreciation/amortization expense	<u>\$ 2,483,595</u>

NOTE 5 – LONG-TERM LIABILITIES

A. General Obligation Bonds and Certificates of Participation Payable

The District currently has the following general obligation debt outstanding:

Issue	Issue Date	Interest Rate	Face/Par Value	Remaining Maturities	Principal Outstanding
2014A Building Bonds	02/06/2014	3.00–5.00%	\$ 24,750,000	02/01/2027–02/01/2033	\$ 24,315,000
2016A Taxable OPEB Refunding Bonds	10/19/2016	2.00–2.50%	\$ 9,725,000	02/01/2024–02/01/2028	7,725,000
2019A Certificates of Participation	10/19/2019	2.00–4.00%	\$ 3,775,000	02/01/2024–02/01/2039	3,135,000
2019B Refunding Bonds	11/14/2019	5.00%	\$ 2,655,000	02/01/2024–02/01/2026	1,435,000
2022A Tax Abatement Bonds	11/17/2022	5.00%	\$ 3,100,000	02/01/2024–02/01/2033	3,100,000
2023A Refunding Bonds	01/26/2023	5.00%	\$ 8,105,000	02/01/2024–02/01/2026	8,105,000
Total general obligation debt payable					<u>\$ 47,815,000</u>

These bonds and certificates were issued to finance acquisition and/or construction of capital facilities, to finance (refund) prior bond issues, or to finance OPEB. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated for the retirement of the bonds. The annual future debt service levies authorized are equal to 105 percent of the principal and interest due each year. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law. The certificates will be repaid through a separate levy collected in the General Fund.

The District issued \$8,105,000 of General Obligation School Building Refunding Bonds, Series 2023A, the proceeds from which were used to redeem, in advance of their stated maturities, the 2024 through 2026 maturities of its General Obligation School Building Refunding Bonds, Series 2014B on their February 1, 2023 call date. This refunding reduced the District’s future debt service payments by \$194,000, and resulted in a net present value savings of \$179,428.

B. Financed Purchases Payable

On July 15, 2014, the District entered into an agreement to finance a building addition at Hilltop Elementary School. The original financed purchase obligation and corresponding additions capitalized in buildings and improvements totaled \$2,458,600. The agreement includes semiannual principal and interest payments of \$110,035 through January 15, 2029, to be paid from the General Fund. The debt is secured by the land, building, and improvements thereon. If the District fails to make the rental payments specified in this agreement or otherwise defaults, the lessor may 1) enter the property and take possession without terminating the agreement, holding the District responsible for the difference in the net income derived from such possession and the rent due under this agreement, 2) exclude the District from possession of the property and attempt to sell or lease the property, holding the District responsible for the rent due under this agreement until the property is sold or leased again, or 3) take legal action to force performance under the terms of the agreement.

In 2022, the District entered into a financed purchase agreement for technology equipment with annual payments through March 10, 2025. Individual assets acquired through this agreement were below the District’s capitalization threshold. These payments are being paid through the General Fund.

C. Lease Liability

The District obtained the use of certain building space through a lease agreement. The amount of underlying lease assets by major class and the related accumulated amortization is presented in Note 4 to the basic financial statements. Annual principal and interest on this lease will be paid from the General Fund. The agreement is secured by the original property. The lessor may repossess the property and seek full recovery of the losses upon default. The District currently has the following lease liability obligation outstanding:

Lease Description	Interest Rate	Lease Date	Final Maturity	Principal Outstanding
Veterans Memorial Community Center building space	3.00%	06/21/2016	12/31/2026	<u>\$ 989,598</u>

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

D. Minimum Debt Payments

Minimum annual principal and interest payments to maturity for general obligation bonds and certificates of participation, financed purchases payable, and the lease liability are as follows:

Year Ending June 30,	General Obligation Debt		Financed Purchases Payable		Lease Liability	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 3,755,000	\$ 1,900,977	\$ 175,753	\$ 44,317	\$ 259,382	\$ 28,118
2025	4,000,000	1,686,500	278,764	37,306	277,403	20,179
2026	4,010,000	1,497,313	190,055	30,015	297,737	11,748
2027	4,275,000	1,307,388	197,636	22,434	155,076	2,701
2028	4,420,000	1,191,498	205,520	14,550	–	–
2029–2033	26,025,000	3,301,385	213,716	6,352	–	–
2034–2038	1,095,000	117,865	–	–	–	–
2039	235,000	6,345	–	–	–	–
	<u>\$ 47,815,000</u>	<u>\$ 11,009,271</u>	<u>\$ 1,261,444</u>	<u>\$ 154,974</u>	<u>\$ 989,598</u>	<u>\$ 62,746</u>

E. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including: severance, pension benefits, and OPEB, the details of which are discussed elsewhere in these notes. The District has established two internal service funds to account for the financing of these benefits.

District employees participate in several pension plans described later in these notes, including two state-wide, cost-sharing, multiple-employer defined benefit plans administered by the PERA and the TRA, and one single-employer defined benefit plan administered by the District. The following is a summary of the net/total pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended June 30, 2023:

Defined Benefit Pension Plans	Net/Total Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
State-wide, multiple-employer – PERA	\$ 8,030,914	\$ 2,726,268	\$ 366,593	\$ 1,037,593
State-wide, multiple-employer – TRA	28,818,888	8,303,636	6,306,891	(6,059,255)
Single-employer – District	892,020	218,672	22,166	76,864
Total	<u>\$ 37,741,822</u>	<u>\$ 11,248,576</u>	<u>\$ 6,695,650</u>	<u>\$ (4,944,798)</u>

F. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
G.O. bonds and certificates	\$ 48,520,000	\$ 11,205,000	\$ 11,910,000	\$ 47,815,000	\$ 3,755,000
Unamortized premiums	1,704,192	640,806	1,244,400	1,100,598	–
Financed purchases payable	1,538,128	–	276,684	1,261,444	175,753
Lease liability	1,233,282	–	243,684	989,598	259,382
Severance payable	1,133,279	111,653	50,687	1,194,245	41,450
Total OPEB liability	7,185,370	–	668,027	6,517,343	307,287
Net/total pension liabilities	20,988,690	19,533,498	2,780,366	37,741,822	173,495
	<u>\$ 82,302,941</u>	<u>\$ 31,490,957</u>	<u>\$ 17,173,848</u>	<u>\$ 96,620,050</u>	<u>\$ 4,712,367</u>

NOTE 6 – FUND BALANCES

A. Classifications

The following is a breakdown of the equity components of governmental funds defined earlier in the report. When applicable, certain restrictions, which have an accumulated deficit balance at June 30, are included in unassigned fund balance in these financial statements in accordance with accounting principles generally accepted in the United States of America. A description of these deficit balance restrictions is included here, since the District has specific authority to future resources for such deficits. At June 30, 2023, a summary of the District’s governmental fund balance classifications is as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Nonspendable				
Inventory	\$ –	\$ –	\$ 20,910	\$ 20,910
Prepaid items	524,948	–	19,831	544,779
Total nonspendable	<u>524,948</u>	<u>–</u>	<u>40,741</u>	<u>565,689</u>
Restricted				
Student activities	49,146	–	–	49,146
Operating capital	1,246,999	–	–	1,246,999
Learning and development	96,387	–	–	96,387
Basic skills programs	50,329	–	–	50,329
Safe schools levy	103,668	–	–	103,668
Long-term facilities maintenance	2,581,924	–	–	2,581,924
Medical Assistance	685,366	–	–	685,366
Building construction	–	–	2,529,423	2,529,423
General debt service	–	1,013,301	–	1,013,301
OPEB bonds debt service	–	116,103	–	116,103
Food service	–	–	848,929	848,929
Community education programs	–	–	246,497	246,497
School readiness	–	–	88,516	88,516
Total restricted	<u>4,813,819</u>	<u>1,129,404</u>	<u>3,713,365</u>	<u>9,656,588</u>
Assigned				
Separation and severance	1,089,127	–	–	1,089,127
Program carryover	200,000	–	–	200,000
Other capital projects	891,625	–	–	891,625
Total assigned	<u>2,180,752</u>	<u>–</u>	<u>–</u>	<u>2,180,752</u>
Unassigned	<u>4,160,574</u>	<u>–</u>	<u>–</u>	<u>4,160,574</u>
Total	<u>\$ 11,680,093</u>	<u>\$ 1,129,404</u>	<u>\$ 3,754,106</u>	<u>\$ 16,563,603</u>

B. Minimum Unassigned Fund Balance Policy

The School Board has formally adopted a fund balance policy regarding the minimum unassigned fund balance for the General Fund. The policy establishes a minimum unassigned General Fund balance (excluding any restricted account deficits) of 8.0 percent of the annual projected expenditures. The year-end unassigned fund balance of the General Fund was 8.1 percent of current year budgeted expenditures.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

The District participates in the following cost-sharing, multiple-employer defined benefit pension plans administered by the PERA and the TRA. The PERA's and the TRA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes. The PERA's and the TRA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code (IRC).

1. General Employees Retirement Fund (GERF)

The PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

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

2. Teachers Retirement Association (TRA)

The 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. The TRA is a separate statutory entity, administered by a Board of Trustees. The Board of Trustees 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 Public Schools or Minnesota State Colleges and Universities (MnSCU)). Educators first hired by MnSCU may elect either TRA coverage or coverage through the Defined Contribution Plan administered by Minnesota State.

B. Benefits Provided

The PERA and the TRA provide retirement, disability, and death benefits. Benefit provisions are established by state statutes and can only be modified by the State Legislature.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. 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. GERF Benefits

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 the 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 Plan members is 1.2 percent for each of the first 10 years of service and 1.7 percent for each additional year. Under Method 2, the accrual rate for Coordinated Plan members is 1.7 percent 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 age 66.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Benefit increases are provided to benefit recipients each January. The post-retirement increase is equal to 50.0 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.0 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase, will receive the full increase. For recipients receiving the annuity or benefit for at least one month, but less than a full year as of the June 30 before the effective date of the increase, will receive a reduced prorated increase. For members retiring on January 1, 2024 or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

2. TRA Benefits

The 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 Statutes 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 the 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

Step-Rate Formula	Percentage per Year
Basic Plan	
First 10 years of service	2.2 %
All years after	2.7 %
Coordinated Plan	
First 10 years if service years are up to July 1, 2006	1.2 %
First 10 years if service years are July 1, 2006 or after	1.4 %
All other years of service if service years are up to July 1, 2006	1.7 %
All other years of service if service years are July 1, 2006 or after	1.9 %

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) Three percent 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 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Tier II Benefits

For years of service prior to July 1, 2006, a level formula of 1.7 percent per year for Coordinated Plan members and 2.7 percent per year for Basic Plan members applies. For years of service July 1, 2006 and after, a level formula of 1.9 percent per year for Coordinated Plan members and 2.7 percent per year for Basic Plan members applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under Minnesota Statutes. 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.

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

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

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

C. Contributions

Minnesota Statutes set the rates for employer and employee contributions. Contribution rates can only be modified by the State Legislature.

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2023 and the District was required to contribute 7.5 percent for Coordinated Plan members. The District’s contributions to the GERF for the year ended June 30, 2023, were \$601,751. The District’s contributions were equal to the required contributions as set by state statutes.

2. TRA Contributions

Minnesota Statutes, Chapter 354 sets the rates for employer and employee contributions. Rates for each fiscal year were:

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

The District’s contributions to the TRA for the plan’s fiscal year ended June 30, 2023, were \$1,940,346. The District’s contributions were equal to the required contributions for each year as set by state statutes.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

The following is a reconciliation of employer contributions in the TRA’s Annual Comprehensive Financial Report Statement of Changes in Fiduciary Net Position to the employer contributions used in the Schedule of Employer and Nonemployer Pension Allocations:

	<i>in thousands</i>
Employer contributions reported in the TRA’s Annual Comprehensive Financial Report Statement of Changes in Fiduciary Net Position	\$ 482,679
Add employer contributions not related to future contribution efforts	(2,178)
Deduct the TRA’s contributions not included in allocation	<u>(572)</u>
Total employer contributions	479,929
Total nonemployer contributions	<u>35,590</u>
Total contributions reported in the Schedule of Employer and Nonemployer Allocations	<u>\$ 515,519</u>

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

D. Pension Costs

1. GERF Pension Costs

At June 30, 2023, the District reported a liability of \$8,030,914 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 \$235,278. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportionate share of the net pension liability was based on the District’s contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all of the PERA’s participating employers. The District’s proportionate share was 0.1014 percent at the end of the measurement period and 0.1006 percent for the beginning of the period.

District’s proportionate share of the net pension liability	\$ 8,030,914
State’s proportionate share of the net pension liability associated with the District	\$ 235,278

For the year ended June 30, 2023, the District recognized pension expense of \$1,002,403 for its proportionate share of the GERF’s pension expense. In addition, the District recognized an additional \$35,190 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota’s contribution of \$16 million to the GERF.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

At June 30, 2023, the District reported its proportionate share of the GERP’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 67,080	\$ 85,732
Changes in actuarial assumptions	1,803,635	35,047
Net collective difference between projected and actual investment earnings	185,331	–
Changes in proportion	68,471	245,814
District’s contributions to the GERP subsequent to the measurement date	601,751	–
Total	<u>\$ 2,726,268</u>	<u>\$ 366,593</u>

The \$601,751 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. 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 Amount
2024	\$ 639,978
2025	\$ 630,986
2026	\$ (239,317)
2027	\$ 726,277

2. TRA Pension Costs

At June 30, 2023, the District reported a liability of \$28,818,888 for its proportionate share of the TRA’s net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s contributions to the 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 0.3599 percent at the end of the measurement period and 0.3547 percent for the beginning of the period.

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

District’s proportionate share of the net pension liability	\$ 28,818,888
State’s proportionate share of the net pension liability associated with the District	\$ 2,137,232

For the year ended June 30, 2023, the District recognized negative pension expense of \$6,353,131. It also recognized \$293,876 as an increase to pension expense for the support provided by direct aid.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 413,892	\$ 249,354
Changes in actuarial assumptions	4,549,895	5,922,423
Net collective difference between projected and actual investment earnings on pension plan investments	935,623	–
Changes in proportion	463,880	135,114
District’s contributions to the TRA subsequent to the measurement date	<u>1,940,346</u>	<u>–</u>
Total	<u>\$ 8,303,636</u>	<u>\$ 6,306,891</u>

A total of \$1,940,346 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2024	\$ (5,048,205)
2025	\$ 872,603
2026	\$ 343,632
2027	\$ 3,830,121
2028	\$ 58,248

E. Long-Term Expected Return on Investment

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	33.50 %	5.10 %
International equity	16.50	5.30 %
Private markets	25.00	5.90 %
Fixed income	<u>25.00</u>	0.75 %
Total	<u>100.00 %</u>	

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.25%	2.50%
Wage growth rate		2.85% before July 1, 2028, and 3.25% thereafter
Projected salary increase	3.00%	2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% thereafter
Investment rate of return	6.50%	7.00%

1. GERF

The long-term rate of return on pension plan investments used in the determination of the total liability is 6.50 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.50 percent was deemed to be within that range of reasonableness for financial reporting purposes.

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

Salary growth assumptions in the GERF Plan range in annual increments from 10.25 percent after one year of service to 3.00 percent after 27 years of service.

Mortality rates for the GERF Plan are based on the Pub-2010 General Employee Mortality Table. The table is adjusted slightly to fit the PERA’s experience.

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

2. TRA

Salary increases were based on a service-related table.

Mortality Assumptions Used in Valuation of Total Pension Liability	
Pre-retirement	RP-2014 White Collar Employee Table, male rates set back five years and female rates set back seven years. Generational projection uses the MP-2015 Scale.
Post-retirement	RP-2014 White Collar Annuitant Table, male and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 Scale.
Post-disability	RP-2014 Disabled Retiree Mortality Table, without adjustment.

Cost of living benefit increases after retirement for retirees are assumed to be 1.00 percent for January 2019 through January 2023, then increasing by 0.10 percent each year, up to 1.50 percent annually.

Actuarial assumptions for the TRA Plan were based on the results of actuarial experience studies. The most recent experience study in the TRA Plan was completed in 2019, with economic assumptions updated in 2019.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

The following changes in actuarial assumptions occurred in 2022:

1. GERF

CHANGES IN ACTUARIAL ASSUMPTIONS

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

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

- None.

G. Discount Rate

1. GERF

The discount rate used to measure the total pension liability in 2022 was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the GERF 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.

2. TRA

The discount rate used to measure the total pension liability was 7.00 percent. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2022 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.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

H. Pension Liability Sensitivity

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

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
GERF discount rate	5.50%	6.50%	7.50%
District’s proportionate share of the GERF net pension liability	\$ 12,685,248	\$ 8,030,914	\$ 4,213,640
TRA discount rate	6.00%	7.00%	8.00%
District’s proportionate share of the TRA net pension liability	\$ 45,431,408	\$ 28,818,888	\$ 15,201,802

I. Pension Plan Fiduciary Net Position

Detailed information about the plan’s fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the internet at www.mnpera.org.

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

NOTE 8 – DEFINED BENEFIT PENSION PLAN – DISTRICT

A. Plan Description and Benefits

The District provides pension benefits to certain eligible employees through its Pension Benefits Plan, a single-employer defined benefit plan administered by the District. All pension benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report.

Teachers hired before July 1, 1997 that meet certain years of service and/or age requirements are eligible to receive an additional retirement incentive benefit. Teachers accumulate five days of credit for each full year of service to the District up through the fiscal year in which the employee reaches the age of 55. The benefit is based on an employee’s rate of pay during the fiscal year in which the employee reaches the age of 55, and is paid out in two equal payments due on May 31 of the calendar year in which the eligible employee retires and the following January 15. Beneficiaries that continue to be employed by the District after the age of 55 do not accrue additional benefits.

NOTE 8 – DEFINED BENEFIT PENSION PLAN – DISTRICT (CONTINUED)

B. Contributions and Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District has not established a trust fund to finance these pension benefits. These benefits are accrued in the Severance and Pension Benefits Internal Service Fund as they vest. The District's required contributions to finance these benefits on a pay-as-you-go basis for the current year were \$173,495.

C. Membership

Membership in the plan consisted of the following as of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	4
Active plan members	<u>17</u>
Total members	<u><u>21</u></u>

D. Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial valuation date as of July 1, 2022 and measurement date as of July 1, 2022, using the entry-age method and following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.80%
20-year municipal bond yield	3.80%
Inflation rate	2.50%
Salary increases	Service graded table

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale. The retirement and withdrawal assumptions used were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

The municipal bond rate assumption was set by considering published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of the measurement date.

Assumption changes since the prior measurement date include the following:

- The mortality tables and withdrawal rates were updated to reflect the latest experience study.
- The discount rate was changed from 2.10 percent to 3.80 percent.

E. Discount Rate

The discount rate used to measure the total pension liability was 3.80 percent. Since the plan is not funded, the discount rate is equal to the 20-year municipal bond rate. The discount rate used in the previous valuation was 2.10 percent.

NOTE 8 – DEFINED BENEFIT PENSION PLAN – DISTRICT (CONTINUED)

F. Changes in the Total Pension Liability

	<u>Total Pension Liability</u>
Beginning balance – July 1, 2022	\$ 1,169,886
Changes for the year	
Service cost	22,087
Interest	21,336
Assumption changes	(33,250)
Differences between expected and actual experience	65,731
Benefit payments	(353,770)
Total net changes	<u>(277,866)</u>
Ending balance – June 30, 2023	<u>\$ 892,020</u>

G. Total Pension Liability Sensitivity to Discount Rate Changes

The following presents the total pension liability of the District, as well as what the District’s total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
Pension discount rate	2.80%	3.80%	4.80%
Total pension liability	\$ 911,781	\$ 892,020	\$ 871,443

H. Pension Expense and Related Deferred Outflows and Deferred Inflows of Resources

The District recognized pension expense of \$76,864 for the current year, and reported deferred outflows and inflows of resources related to this pension plan at year-end from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 43,820	\$ –
Changes in actuarial assumptions	1,357	22,166
District’s contributions subsequent to the measurement date	173,495	–
Total	<u>\$ 218,672</u>	<u>\$ 22,166</u>

A total of \$173,495 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 total pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2024	\$ 12,184
2025	\$ 10,827

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description and Benefits Provided

The District provides post-employment insurance benefits to certain eligible employees through its OPEB Plan, a single-employer defined benefit plan administered by the District. All post-employment benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report. No plan assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Employees that meet certain age and/or length of service requirements are eligible for post-retirement healthcare benefits. The amount to be paid is equal to the single coverage insurance premium benefit available to full-time employees in the bargaining group.

- The superintendent and certain eligible directors are eligible to receive a lump sum equal to \$10,000 per year of service (superintendent) or \$60,000 (others) paid to a healthcare savings plan.
- Eligible principals receive a one-time benefit of \$60,000.
- Eligible full-time teachers retiring after June 30, 2007 with 20 years of continuous service receive a one-time benefit equivalent to 91 percent of the teachers' B.A. Step 1 salary. Part-time teachers that retire with at least 25 years of continuous service working at least half of a full-time schedule will receive a prorated portion of the benefit. All benefits are to be paid into an individual healthcare savings plan account administered by the Minnesota State Retirement System.

The District is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees, whether the premiums are paid by the District or the retiree. Consequently, participating retirees are considered to receive a secondary benefit known as an "implicit rate subsidy." This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the District's younger and statistically healthier active employees.

B. Contributions

The required contributions are based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District's required contributions to finance the benefits described in the previous section, on a pay-as-you-go basis for the current year, totaled \$307,287.

C. Membership

Membership in the plan consisted of the following as of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	15
Active plan members	<u>472</u>
Total members	<u><u>487</u></u>

D. Total OPEB Liability of the District

The District's total OPEB liability was \$6,517,343 at year-end.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

E. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation date as of July 1, 2022 and measurement date as of July 1, 2022, using entry-age method and the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.80%
20-year municipal bond yield	3.80%
Inflation rate	2.50%
Salary increases	Service graded tables
Medical trend rate	6.50% grading to 5.00% over 6 years, then to 4.00% over the next 48 years

Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-year municipal bond yield of 3.80 percent.

The municipal bond rate assumption was set by considering published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of the measurement date.

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale. The retirement and withdrawal assumptions used were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

Plan changes since the prior measurement date include the following:

- All principals now receive \$60,000 aid to a healthcare savings plan in a lump sum at the time of retirement. Previously, principals hired after July 1, 2008 would have received only \$40,000.
- The superintendent now receives \$10,000 per year of service paid to a healthcare savings plan in a lump sum at the time of retirement, rather than a flat amount of \$70,000.
- The service requirement for the activities director's subsidized medical benefit was lowered from 15 years to 10 years of service.

Assumption changes since the prior measurement date include the following:

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The salary increase rates for nonteachers were updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.
- The discount rate was changed from 2.10 percent to 3.80 percent.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

F. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Beginning balance	\$ 7,185,370
Changes for the year	
Service cost	529,416
Interest	157,352
Assumption changes	(663,627)
Plan changes	177,249
Differences between expected and actual experience	(422,424)
Benefit payments	(445,993)
Total net changes	<u>(668,027)</u>
Ending balance	<u>\$ 6,517,343</u>

G. Total OPEB Liability Sensitivity to Discount and Medical Cost Trend Rate Changes

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB discount rate	2.80%	3.80%	4.80%
Total OPEB liability	\$ 6,951,479	\$ 6,517,343	\$ 6,102,085

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 medical trend rates that are 1 percentage point lower or 1 percentage point higher than the current medical cost trend rates:

	<u>1% Decrease in Medical Trend Rate</u>	<u>Medical Trend Rate</u>	<u>1% Increase in Medical Trend Rate</u>
Medical trend rate	5.50% grading to 4.00%, then 3.00%	6.50% grading to 5.00%, then 4.00%	7.50% grading to 6.00%, then 5.00%
Total OPEB liability	\$ 5,857,264	\$ 6,517,343	\$ 7,301,890

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

H. OPEB Expense and Related Deferred Outflows of Resources and Deferred Inflows of Resources

For the current year ended, the District recognized OPEB expense of \$645,001, and reported deferred outflows and inflows of resources related to this OPEB Plan at year-end from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ –	\$ 1,139,152
Changes in actuarial assumptions	174,758	730,290
District’s contributions subsequent to the measurement date	<u>307,287</u>	<u>–</u>
Total	<u>\$ 482,045</u>	<u>\$ 1,869,442</u>

A total of \$307,287 reported as deferred outflows of resources related to OPEB resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	OPEB Expense Amount
2024	\$ (219,016)
2025	\$ (219,016)
2026	\$ (219,016)
2027	\$ (219,016)
2028	\$ (219,013)
Thereafter	\$ (599,607)

NOTE 10 – FLEXIBLE BENEFIT PLAN

The District has established a Flexible Benefit Plan (FBP). The FBP is a “cafeteria plan” under § 125 of the IRC. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pretax dollars withheld from payroll checks to the FBP for healthcare and dependent care benefits. Before the beginning of the FBP year, which is from January 1 to December 31, each participant designates a total amount of pretax dollars to be contributed to the FBP during the year. At June 30, the District is contingently liable for claims against the total amount of participants’ annual contributions to the medical reimbursement portion of the FBP, whether or not such contributions have been made.

The employee portion of insurance premiums (health, dental, life, and disability) is made by the District directly to the designated insurance companies. Amounts are withheld for medical reimbursement and dependent care on a monthly basis. Payments are made by the District to participating employees upon submitting a request for reimbursement of eligible expenses incurred by the employee. FBP activity is accounted for in the General Fund.

All property of the FBP and income attributable to that property is solely the property of the FBP and is equal to that of general creditors of the District in an amount equal to the eligible healthcare and dependent care expenses incurred by the participants. The District believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Revenues

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.

B. Legal Claims

The District has the usual and customary types of legal claims pending at year-end, mostly of a minor nature and usually covered by insurance carried for that purpose. The District's management believes that the District will not incur any material liabilities relating to these claims, and none have been accrued at year-end.

C. Power Purchase Commitment

The District entered into an agreement allowing an outside party to utilize space on one of its buildings to install and operate solar panels for generating and selling solar power for a period of 25 years, beginning from the period of commercial operation date, which shall be no later than December 31, 2021. The outside company will retain ownership of the solar panels and operate the facility. The District will have an option to purchase the solar panels at appraised fair value on the sixth anniversary of power generation or any anniversary date thereafter. The District is committed to purchasing the annual delivered energy of the solar power system for a period of 25 years from the commercial operation date.

D. Contract Commitments

The District is committed to a number of contracts awarded for various construction and maintenance projects. The District's commitment for uncompleted work on these contracts at June 30, 2023 was approximately \$1,448,492.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 199

Public Employees Retirement Association Pension Benefits Plan
 Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
 Year Ended June 30, 2023

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.1120%	\$ 5,261,199	\$ -	\$ 5,261,199	\$ 5,890,917	89.31%	78.70%
06/30/2016	06/30/2015	0.1125%	\$ 5,830,334	\$ -	\$ 5,830,334	\$ 6,594,924	88.41%	78.20%
06/30/2017	06/30/2016	0.1083%	\$ 8,793,423	\$ 114,830	\$ 8,908,253	\$ 6,711,800	131.01%	68.90%
06/30/2018	06/30/2017	0.1047%	\$ 6,683,979	\$ 84,084	\$ 6,768,063	\$ 6,715,171	99.54%	75.90%
06/30/2019	06/30/2018	0.1049%	\$ 5,819,423	\$ 190,815	\$ 6,010,238	\$ 7,044,736	82.61%	79.50%
06/30/2020	06/30/2019	0.1057%	\$ 5,843,916	\$ 181,659	\$ 6,025,575	\$ 7,497,319	77.95%	80.20%
06/30/2021	06/30/2020	0.1088%	\$ 6,523,057	\$ 201,229	\$ 6,724,286	\$ 7,746,436	84.21%	79.10%
06/30/2022	06/30/2021	0.1006%	\$ 4,296,071	\$ 131,228	\$ 4,427,299	\$ 7,217,264	59.52%	87.00%
06/30/2023	06/30/2022	0.1014%	\$ 8,030,914	\$ 235,278	\$ 8,266,192	\$ 7,594,190	105.75%	76.70%

Public Employees Retirement Association Pension Benefits Plan
 Schedule of District Contributions
 Year Ended June 30, 2023

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2014	\$ 427,149	\$ 427,149	\$ -	\$ 5,890,917	7.25%
06/30/2015	\$ 486,524	\$ 486,524	\$ -	\$ 6,594,924	7.38%
06/30/2016	\$ 503,385	\$ 503,385	\$ -	\$ 6,711,800	7.50%
06/30/2017	\$ 503,544	\$ 503,544	\$ -	\$ 6,715,171	7.50%
06/30/2018	\$ 528,509	\$ 528,509	\$ -	\$ 7,044,736	7.50%
06/30/2019	\$ 561,112	\$ 561,112	\$ -	\$ 7,497,319	7.48%
06/30/2020	\$ 581,285	\$ 581,285	\$ -	\$ 7,746,436	7.50%
06/30/2021	\$ 540,119	\$ 540,119	\$ -	\$ 7,217,264	7.48%
06/30/2022	\$ 569,383	\$ 569,383	\$ -	\$ 7,594,190	7.50%
06/30/2023	\$ 601,751	\$ 601,751	\$ -	\$ 8,018,592	7.50%

Note: The District implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2014 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 199

Teachers Retirement Association Pension Benefits Plan
 Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
 Year Ended June 30, 2023

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.3819%	\$ 17,597,677	\$ 1,238,076	\$ 18,835,753	\$ 17,467,417	100.75%	81.50%
06/30/2016	06/30/2015	0.3568%	\$ 22,071,609	\$ 2,707,530	\$ 24,779,139	\$ 17,930,286	123.10%	76.80%
06/30/2017	06/30/2016	0.3621%	\$ 86,369,490	\$ 8,668,256	\$ 95,037,746	\$ 18,839,547	458.45%	44.88%
06/30/2018	06/30/2017	0.3504%	\$ 69,946,196	\$ 6,761,966	\$ 76,708,162	\$ 18,880,939	370.46%	51.57%
06/30/2019	06/30/2018	0.3495%	\$ 21,951,871	\$ 2,062,248	\$ 24,014,119	\$ 19,309,883	113.68%	78.07%
06/30/2020	06/30/2019	0.3546%	\$ 22,602,278	\$ 2,000,332	\$ 24,602,610	\$ 20,121,536	112.33%	78.21%
06/30/2021	06/30/2020	0.3513%	\$ 25,954,515	\$ 2,174,835	\$ 28,129,350	\$ 20,401,911	127.22%	75.48%
06/30/2022	06/30/2021	0.3547%	\$ 15,522,733	\$ 1,309,117	\$ 16,831,850	\$ 21,209,531	73.19%	86.63%
06/30/2023	06/30/2022	0.3599%	\$ 28,818,888	\$ 2,137,232	\$ 30,956,120	\$ 22,261,289	129.46%	76.17%

Teachers Retirement Association Pension Benefits Plan
 Schedule of District Contributions
 Year Ended June 30, 2023

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2014	\$ 1,220,263	\$ 1,220,263	\$ -	\$ 17,467,417	6.99%
06/30/2015	\$ 1,340,261	\$ 1,340,261	\$ -	\$ 17,930,286	7.47%
06/30/2016	\$ 1,412,855	\$ 1,412,855	\$ -	\$ 18,839,547	7.50%
06/30/2017	\$ 1,414,678	\$ 1,414,678	\$ -	\$ 18,880,939	7.49%
06/30/2018	\$ 1,447,806	\$ 1,447,806	\$ -	\$ 19,309,883	7.50%
06/30/2019	\$ 1,551,891	\$ 1,551,891	\$ -	\$ 20,121,536	7.71%
06/30/2020	\$ 1,616,894	\$ 1,616,894	\$ -	\$ 20,401,911	7.93%
06/30/2021	\$ 1,725,480	\$ 1,725,480	\$ -	\$ 21,209,531	8.14%
06/30/2022	\$ 1,859,000	\$ 1,859,000	\$ -	\$ 22,261,289	8.35%
06/30/2023	\$ 1,940,346	\$ 1,940,346	\$ -	\$ 22,662,529	8.56%

Note: The District implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2014 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 199

Pension Benefits Plan
 Schedule of Changes in the District's Total
 Pension Liability and Related Ratios
 Year Ended June 30, 2023

	Year Ended June 30,						
	2017	2018	2019	2020	2021	2022	2023
Total pension liability							
Service cost	\$ 55,179	\$ 51,690	\$ 47,462	\$ 52,507	\$ 41,855	\$ 45,301	\$ 22,087
Interest	62,583	56,348	59,453	61,660	46,953	31,519	21,336
Assumption changes	–	(15,759)	(5,743)	9,089	2,847	4,073	(33,250)
Differences between expected and actual experience	–	–	202,624	–	60,921	–	65,731
Benefit payments	(325,877)	(332,723)	(231,782)	(360,870)	(358,152)	(355,899)	(353,770)
Net change in total pension liability	(208,115)	(240,444)	72,014	(237,614)	(205,576)	(275,006)	(277,866)
Total pension liability							
Beginning of year	<u>2,264,627</u>	<u>2,056,512</u>	<u>1,816,068</u>	<u>1,888,082</u>	<u>1,650,468</u>	<u>1,444,892</u>	<u>1,169,886</u>
End of year	<u>\$ 2,056,512</u>	<u>\$ 1,816,068</u>	<u>\$ 1,888,082</u>	<u>\$ 1,650,468</u>	<u>\$ 1,444,892</u>	<u>\$ 1,169,886</u>	<u>\$ 892,020</u>
Covered-employee payroll	<u>\$ 3,658,109</u>	<u>\$ 3,767,852</u>	<u>\$ 3,193,738</u>	<u>\$ 3,289,550</u>	<u>\$ 2,564,560</u>	<u>\$ 2,641,497</u>	<u>\$ 1,553,117</u>
Total pension liability as a percentage of covered-employee payroll	<u>56.22%</u>	<u>48.20%</u>	<u>59.12%</u>	<u>50.17%</u>	<u>56.34%</u>	<u>44.29%</u>	<u>57.43%</u>

Note 1: The District has not established a trust fund to finance GASB Statement No. 73 related benefits.

Note 2: The District implemented GASB Statement No. 73 for the year ended June 30, 2017. The schedules within the RSI section require a 10-year presentation. Additional years will be presented as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 199

Other Post-Employment Benefits Plan
 Schedule of Changes in the District's Total
 OPEB Liability and Related Ratios
 Year Ended June 30, 2023

	Year Ended June 30,					
	2018	2019	2020	2021	2022	2023
Total OPEB liability						
Service cost	\$ 504,021	\$ 534,582	\$ 586,398	\$ 603,977	\$ 650,809	\$ 529,416
Interest	246,400	256,112	243,424	229,825	173,567	157,352
Assumption changes	–	(13,158)	148,947	(165,570)	104,366	(663,627)
Plan changes	–	–	–	100,096	5,247	177,249
Differences between expected and actual experience	–	(904,138)	–	(416,715)	–	(422,424)
Benefit payments	(552,027)	(437,682)	(569,448)	(504,737)	(655,665)	(445,993)
Net change in total OPEB liability	198,394	(564,284)	409,321	(153,124)	278,324	(668,027)
Total OPEB liability – beginning of year	7,016,739	7,215,133	6,650,849	7,060,170	6,907,046	7,185,370
Total OPEB liability – end of year	<u>\$ 7,215,133</u>	<u>\$ 6,650,849</u>	<u>\$ 7,060,170</u>	<u>\$ 6,907,046</u>	<u>\$ 7,185,370</u>	<u>\$ 6,517,343</u>
Covered-employee payroll	<u>\$ 23,680,811</u>	<u>\$ 24,123,316</u>	<u>\$ 24,847,015</u>	<u>\$ 27,485,839</u>	<u>\$ 28,310,414</u>	<u>\$ 29,463,309</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>30.47%</u>	<u>27.57%</u>	<u>28.41%</u>	<u>25.13%</u>	<u>25.38%</u>	<u>22.12%</u>

Note 1: The District has not established a trust fund to finance GASB Statement No. 75 related benefits.

Note 2: The District implemented GASB Statement No. 75 for the year ended June 30, 2018. The schedules within the RSI section require a 10-year presentation. Additional years will be presented as they become available.

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INDEPENDENT SCHOOL DISTRICT NO. 199

Notes to Required Supplementary Information
June 30, 2023

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2020 CHANGES IN PLAN PROVISIONS

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020 through December 31, 2023, and zero percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- 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 percent 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 two through five, and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 Table to the Pub-2010 General Mortality Table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality Table to the Pub-2010 General/Teacher Disabled Annuitant Mortality Table, with adjustments.
- The mortality improvement scale was changed from MP-2018 to 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 100.00 percent joint and survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent joint and survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

INDEPENDENT SCHOOL DISTRICT NO. 199

Notes to Required Supplementary Information (continued)
June 30, 2023

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2019 CHANGES IN PLAN PROVISIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to zero percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00 percent per year, with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio, to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age. Does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 199

Notes to Required Supplementary Information (continued)
June 30, 2023

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2017 CHANGES IN PLAN PROVISIONS

- The state's contribution for the Minneapolis Employees Retirement Fund equals \$16.0 million in 2017 and 2018, and \$6.0 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21.0 million to \$31.0 million in calendar years 2019 to 2031. The state's contribution changed from \$16.0 million to \$6.0 million in calendar years 2019 to 2031.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and nonvested deferred members. The revised CSA loads are now zero percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for nonvested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years, to 1.00 percent per year through 2044, and 2.50 percent per year thereafter.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Retirement Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892.0 million. Upon consolidation, state and employer contributions were revised, the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030, and 2.50 percent per year thereafter, to 1.00 percent per year through 2035, and 2.50 percent per year thereafter.

INDEPENDENT SCHOOL DISTRICT NO. 199

Notes to Required Supplementary Information (continued)
June 30, 2023

TEACHERS RETIREMENT ASSOCIATION (TRA)

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

- The cost of living adjustment (COLA) was reduced from 2.00 percent each January 1 to 1.00 percent, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.10 percent each year until reaching the ultimate rate of 1.50 percent on January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit, are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.50 percent if the funded ratio was at least 90.00 percent for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.00 percent to 3.00 percent, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.50 percent to 7.50 percent, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years, (7.71 percent in 2018, 7.92 percent in 2019, 8.13 percent in 2020, 8.34 percent in 2021, 8.55 percent in 2022, and 8.75 percent in 2023). In addition, the employee contribution rate will increase from 7.50 percent to 7.75 percent on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment return assumption was changed from 8.50 percent to 7.50 percent.
- The single discount rate changed from 5.12 percent to 7.50 percent.

INDEPENDENT SCHOOL DISTRICT NO. 199

Notes to Required Supplementary Information (continued)
June 30, 2023

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The COLA was assumed to increase from 2.00 percent annually to 2.50 percent annually on July 1, 2045.
- The COLA was not assumed to increase to 2.50 percent, but remain at 2.00 percent for all future years.
- Adjustments were made to the CSA loads. The active load was reduced from 1.40 percent to zero percent, the vested inactive load increased from 4.00 percent to 7.00 percent, and the nonvested inactive load increased from 4.00 percent to 9.00 percent.
- The investment return assumption was changed from 8.00 percent to 7.50 percent.
- The price inflation assumption was lowered from 2.75 percent to 2.50 percent.
- The payroll growth assumption was lowered from 3.50 percent to 3.00 percent.
- The general wage growth assumption was lowered from 3.50 percent to 2.85 percent for 10 years, followed by 3.25 percent thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.
- The single discount rate changed from 4.66 percent to 5.12 percent.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The single discount rate was changed from 8.00 percent to 4.66 percent.

2015 CHANGES IN PLAN PROVISIONS

- The Duluth Teachers Retirement Fund Association was merged into the TRA on June 30, 2015.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The annual COLA for the June 30, 2015 valuation assumed 2.00 percent. The prior year valuation used 2.00 percent, with an increase to 2.50 percent commencing in 2034.
- The discount rate used to measure the total pension liability was 8.00 percent. This is a decrease from the discount rate at the prior measurement date of 8.25 percent.

INDEPENDENT SCHOOL DISTRICT NO. 199

Notes to Required Supplementary Information (continued)
June 30, 2023

PENSION BENEFITS PLAN

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (Teachers) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (Teachers) with MP-2021 Generational Improvement Scale.
- The withdrawal rates were updated to reflect the latest experience study.
- The discount rate was changed from 2.10 percent to 3.80 percent.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.40 percent to 2.10 percent.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees to rates which vary by service and contract group.
- The discount rate was changed from 3.10 percent to 2.40 percent.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.50 percent to 3.10 percent.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The discount rate was changed from 3.40 percent to 3.50 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.90 percent to 3.40 percent.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality table was updated from RP-2000 projected to 2014 with Scale BB to the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale.
- The withdrawal table for all employees and the retirement table for only employees eligible to retire with Rule of 90 also were updated.
- The discount rate was changed from 4.00 percent to 2.90 percent.

INDEPENDENT SCHOOL DISTRICT NO. 199

Notes to Required Supplementary Information (continued)
June 30, 2023

OTHER POST-EMPLOYMENT BENEFITS PLAN

2022 CHANGES IN PLAN PROVISIONS

- All principals now receive \$60,000 paid to a healthcare savings plan in a lump sum at the time of retirement. Previously, principals hired after July 1, 2008 would have received only \$40,000.
- The superintendent now receives \$10,000 per year of service paid to a healthcare savings plan in a lump sum at the time of retirement, rather than a flat amount of \$70,000.
- The service required for the activities director's subsidized medical benefit was lowered from 15 years to 10 years of service.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The salary increase rates for nonteachers were updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.
- The discount rate was changed from 2.10 percent to 3.80 percent.

2021 CHANGES IN PLAN PROVISIONS

- Principals hired on or after July 1, 2008 now receive a severance payment of \$40,000 paid to a healthcare savings plan at the time of retirement, rather than \$30,000.
- The director of human resources now receives a severance payment of \$60,000 paid to a healthcare savings plan at the time of retirement, rather than the previous benefit of contributions towards medical premiums in retirement.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The percent assumed to elect coverage for the director of human resources was updated in light of the change in benefits.
- The discount rate was changed from 2.40 percent to 2.10 percent.

2020 CHANGES IN PLAN PROVISIONS

- The benefit for the superintendent and certain eligible directors changed from full single premium coverage for seven years or until Medicare eligibility to a single lump sum of \$70,000 (superintendent) or \$60,000 (others) paid to a healthcare savings plan.

INDEPENDENT SCHOOL DISTRICT NO. 199

Notes to Required Supplementary Information (continued)
June 30, 2023

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- Healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees to rates which vary by service and contract group.
- The discount rate was changed from 3.10 percent to 2.40 percent.
- The assumed percentage of future retirements from the superintendent and director groups continuing coverage on the medical plans changed from 100.00 percent to 85.00 percent (where the subsidized benefit is paid in a one-time lump sum).

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate changed from 3.50 percent to 3.10 percent.

2018 CHANGES IN PLAN PROVISIONS

- The eligibility for the director of community education was changed from age 57 with 15 years of service, to age 55 with 10 years of service.
- The new director and assistant director of food service are eligible for other post-employment benefits subsidies, which are the same as other eligible directors.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- Healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The discount rate was changed from 3.40 percent to 3.50 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 5.00 percent to 3.40 percent.
- The actuarial cost method was changed from projected unit credit to entry-age as prescribed by Governmental Accounting Standards Board Statement No.75.

SUPPLEMENTARY INFORMATION

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GOVERNMENTAL FUNDS

The statements and schedules that follow are to provide further detail and support additional analysis for the District's major and nonmajor governmental funds.

Governmental fund reporting focuses primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. The governmental funds category for the District includes the General Fund, Food Service Special Revenue Fund, Community Service Special Revenue Fund, Capital Projects –Building Construction Fund, and Debt Service Fund.

INDEPENDENT SCHOOL DISTRICT NO. 199

Nonmajor Governmental Funds
 Combining Balance Sheet
 as of June 30, 2023

	Special Revenue Funds		Capital Projects –	Total
	Food Service	Community Service	Building Construction	
Assets				
Cash and temporary investments	\$ 677,877	\$ 601,214	\$ 3,258,514	\$ 4,537,605
Receivables				
Current taxes	–	228,598	–	228,598
Delinquent taxes	–	3,490	–	3,490
Accounts and interest	2,432	150	–	2,582
Due from other governmental units	197,487	71,826	–	269,313
Inventory	20,910	–	–	20,910
Prepaid items	12,756	7,075	–	19,831
Total assets	\$ 911,462	\$ 912,353	\$ 3,258,514	\$ 5,082,329
Liabilities				
Salaries payable	\$ 10,264	\$ 93,784	\$ –	\$ 104,048
Accounts and contracts payable	2,044	26,957	729,091	758,092
Due to other governmental units	–	18,025	–	18,025
Unearned revenue	16,559	–	–	16,559
Total liabilities	28,867	138,766	729,091	896,724
Deferred inflows of resources				
Property taxes levied for subsequent year	–	428,009	–	428,009
Unavailable revenue – delinquent taxes	–	3,490	–	3,490
Total deferred inflows of resources	–	431,499	–	431,499
Fund balances				
Nonspendable	33,666	7,075	–	40,741
Restricted	848,929	335,013	2,529,423	3,713,365
Total fund balances	882,595	342,088	2,529,423	3,754,106
Total liabilities, deferred inflows of resources, and fund balances	\$ 911,462	\$ 912,353	\$ 3,258,514	\$ 5,082,329

INDEPENDENT SCHOOL DISTRICT NO. 199

Nonmajor Governmental Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended June 30, 2023

	Special Revenue Funds		Capital Projects –	Total
	Food Service	Community Service	Building Construction	
Revenue				
Local sources				
Property taxes	\$ –	\$ 481,931	\$ –	\$ 481,931
Investment earnings	27,767	11,349	91,151	130,267
Other	639,381	1,126,552	–	1,765,933
State sources	111,293	379,353	–	490,646
Federal sources	1,675,065	61,821	–	1,736,886
Total revenue	<u>2,453,506</u>	<u>2,061,006</u>	<u>91,151</u>	<u>4,605,663</u>
Expenditures				
Current				
Food service	2,539,940	–	–	2,539,940
Community service	–	1,948,844	–	1,948,844
Capital outlay	50,221	–	902,343	952,564
Total expenditures	<u>2,590,161</u>	<u>1,948,844</u>	<u>902,343</u>	<u>5,441,348</u>
Excess (deficiency) of revenue over expenditures	(136,655)	112,162	(811,192)	(835,685)
Other financing sources				
Bonds issued	–	–	3,100,000	3,100,000
Premium on bonds issued	–	–	240,615	240,615
Total other financing sources	<u>–</u>	<u>–</u>	<u>3,340,615</u>	<u>3,340,615</u>
Net change in fund balances	(136,655)	112,162	2,529,423	2,504,930
Fund balances				
Beginning of year	<u>1,019,250</u>	<u>229,926</u>	<u>–</u>	<u>1,249,176</u>
End of year	<u>\$ 882,595</u>	<u>\$ 342,088</u>	<u>\$ 2,529,423</u>	<u>\$ 3,754,106</u>

INDEPENDENT SCHOOL DISTRICT NO. 199

General Fund
Comparative Balance Sheet
as of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	\$ 11,819,870	\$ 12,893,809
Receivables		
Current taxes	5,041,535	4,857,590
Delinquent taxes	64,938	47,947
Accounts and interest	247,773	60,944
Due from other governmental units	7,527,852	7,274,734
Due from other funds	307,287	445,993
Lease	306,778	308,653
Prepaid items	<u>524,948</u>	<u>344,539</u>
Total assets	<u>\$ 25,840,981</u>	<u>\$ 26,234,209</u>
Liabilities		
Salaries payable	\$ 3,239,512	\$ 3,454,340
Accounts and contracts payable	1,724,006	1,894,735
Due to other governmental units	479,410	489,441
Due to other funds	16,461	19,048
Unearned revenue	–	42,572
Total liabilities	<u>5,459,389</u>	<u>5,900,136</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	8,329,783	7,943,455
Lease revenue for subsequent year	306,778	308,653
Unavailable revenue – delinquent taxes	64,938	47,947
Total deferred inflows of resources	<u>8,701,499</u>	<u>8,300,055</u>
Fund balances		
Nonspendable for prepaid items	524,948	344,539
Restricted for student activities	49,146	48,555
Restricted for operating capital	1,246,999	1,251,149
Restricted for learning and development	96,387	–
Restricted for basic skills programs	50,329	117,528
Restricted for safe schools levy	103,668	146,532
Restricted for long-term facilities maintenance	2,581,924	2,491,007
Restricted for Medical Assistance	685,366	613,729
Assigned for separation and severance	1,089,127	1,000,000
Assigned for next year's budget	–	6,524
Assigned for program carryover	200,000	500,000
Assigned for other capital projects	891,625	1,200,000
Unassigned	<u>4,160,574</u>	<u>4,314,455</u>
Total fund balances	<u>11,680,093</u>	<u>12,034,018</u>
Total liabilities, deferred inflows resources, and fund balances	<u>\$ 25,840,981</u>	<u>\$ 26,234,209</u>

INDEPENDENT SCHOOL DISTRICT NO. 199

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023		Over (Under) Budget	2022
	Budget	Actual		Actual
Revenue				
Local sources				
Property taxes	\$ 9,365,256	\$ 9,297,076	\$ (68,180)	\$ 9,391,708
Investment earnings	399,000	440,167	41,167	9,016
Other	1,201,298	1,476,170	274,872	1,780,849
State sources	35,055,861	35,287,030	231,169	34,396,364
Federal sources	5,054,608	5,067,212	12,604	5,142,178
Total revenue	<u>51,076,023</u>	<u>51,567,655</u>	<u>491,632</u>	<u>50,720,115</u>
Expenditures				
Current				
Administration				
Salaries	1,408,915	1,410,523	1,608	1,388,764
Employee benefits	453,203	444,406	(8,797)	433,000
Purchased services	68,057	106,240	38,183	29,148
Supplies and materials	13,887	10,515	(3,372)	12,309
Capital expenditures	—	—	—	—
Other expenditures	67,311	22,959	(44,352)	47,919
Total administration	<u>2,011,373</u>	<u>1,994,643</u>	<u>(16,730)</u>	<u>1,911,140</u>
District support services				
Salaries	957,715	1,298,237	340,522	1,165,968
Employee benefits	417,031	451,076	34,045	388,803
Purchased services	607,756	372,771	(234,985)	236,410
Supplies and materials	362,440	397,887	35,447	599,211
Capital expenditures	221,597	172,696	(48,901)	14,500
Other expenditures	10,700	6,040	(4,660)	7,799
Total district support services	<u>2,577,239</u>	<u>2,698,707</u>	<u>121,468</u>	<u>2,412,691</u>
Elementary and secondary regular instruction				
Salaries	13,195,978	13,355,792	159,814	13,471,608
Employee benefits	4,529,403	4,378,788	(150,615)	5,015,400
Purchased services	1,530,189	1,765,723	235,534	1,816,803
Supplies and materials	900,952	708,256	(192,696)	761,098
Capital expenditures	258,017	145,451	(112,566)	200,759
Other expenditures	101,140	101,492	352	109,977
Total elementary and secondary regular instruction	<u>20,515,679</u>	<u>20,455,502</u>	<u>(60,177)</u>	<u>21,375,645</u>

INDEPENDENT SCHOOL DISTRICT NO. 199

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual (continued)
 Year Ended June 30, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023		Over (Under) Budget	2022
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	213,601	214,775	1,174	268,362
Employee benefits	60,646	57,707	(2,939)	84,452
Purchased services	–	7,130	7,130	–
Supplies and materials	15,000	15,762	762	13,720
Capital expenditures	–	1,046	1,046	–
Other expenditures	1,200	1,679	479	1,222
Total vocational education instruction	290,447	298,099	7,652	367,756
Special education instruction				
Salaries	5,869,121	5,764,619	(104,502)	5,764,997
Employee benefits	1,907,991	1,877,671	(30,320)	1,934,800
Purchased services	1,358,118	1,476,376	118,258	1,467,775
Supplies and materials	106,640	74,046	(32,594)	40,409
Capital expenditures	13,162	7,047	(6,115)	17,704
Other expenditures	35,900	39,090	3,190	37,557
Total special education instruction	9,290,932	9,238,849	(52,083)	9,263,242
Community service				
Salaries	143,240	144,889	1,649	149,580
Employee benefits	43,773	43,429	(344)	43,328
Purchased services	1,624	1,411	(213)	2,312
Supplies and materials	1,200	1,458	258	1,291
Total community service	189,837	191,187	1,350	196,511
Instructional support services				
Salaries	2,887,696	2,493,081	(394,615)	2,369,122
Employee benefits	683,000	673,113	(9,887)	620,874
Purchased services	147,834	164,995	17,161	169,286
Supplies and materials	185,750	155,205	(30,545)	248,001
Capital expenditures	–	10,485	10,485	–
Other expenditures	10,000	10,959	959	9,578
Total instructional support services	3,914,280	3,507,838	(406,442)	3,416,861
Pupil support services				
Salaries	2,604,565	2,636,602	32,037	2,459,904
Employee benefits	755,935	837,163	81,228	828,030
Purchased services	2,383,556	2,988,788	605,232	2,460,124
Supplies and materials	303,905	531,826	227,921	261,567
Capital expenditures	105,800	191,175	85,375	5,353
Other expenditures	10,015	12,960	2,945	11,167
Total pupil support services	6,163,776	7,198,514	1,034,738	6,026,145

INDEPENDENT SCHOOL DISTRICT NO. 199

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual (continued)
 Year Ended June 30, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023		Over (Under)	2022
	Budget	Actual	Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	1,854,667	1,782,200	(72,467)	1,860,274
Employee benefits	609,622	568,548	(41,074)	592,448
Purchased services	1,857,354	1,929,204	71,850	1,390,122
Supplies and materials	520,516	885,664	365,148	973,809
Capital expenditures	202,967	124,309	(78,658)	895,660
Other expenditures	17,400	(8,365)	(25,765)	15,915
Total sites and buildings	<u>5,062,526</u>	<u>5,281,560</u>	<u>219,034</u>	<u>5,728,228</u>
Fiscal and other fixed cost programs				
Purchased services	243,000	241,015	(1,985)	209,045
Debt service				
Principal	642,972	665,368	22,396	835,864
Interest and fiscal charges	211,209	182,928	(28,281)	196,718
Total debt service	<u>854,181</u>	<u>848,296</u>	<u>(5,885)</u>	<u>1,032,582</u>
Total expenditures	<u>51,113,270</u>	<u>51,954,210</u>	<u>840,940</u>	<u>51,939,846</u>
Excess (deficiency) of revenue over expenditures	(37,247)	(386,555)	(349,308)	(1,219,731)
Other financing sources				
Sale of capital assets	—	21,000	21,000	—
Insurance recovery	—	11,630	11,630	—
Financed purchase	—	—	—	263,700
Total other financing sources	<u>—</u>	<u>32,630</u>	<u>32,630</u>	<u>263,700</u>
Net change in fund balances	<u>\$ (37,247)</u>	<u>(353,925)</u>	<u>\$ (316,678)</u>	<u>(956,031)</u>
Fund balances				
Beginning of year		<u>12,034,018</u>		<u>12,990,049</u>
End of year		<u>\$ 11,680,093</u>		<u>\$ 12,034,018</u>

INDEPENDENT SCHOOL DISTRICT NO. 199

Food Service Special Revenue Fund
 Comparative Balance Sheet
 as of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	\$ 677,877	\$ 932,686
Receivables		
Accounts and interest	2,432	-
Due from other governmental units	197,487	99,753
Inventory	20,910	21,844
Prepaid items	<u>12,756</u>	<u>10,469</u>
Total assets	<u>\$ 911,462</u>	<u>\$ 1,064,752</u>
Liabilities		
Salaries payable	\$ 10,264	\$ 17,971
Accounts and contracts payable	2,044	10,972
Unearned revenue	<u>16,559</u>	<u>16,559</u>
Total liabilities	28,867	45,502
Fund balances		
Nonspendable for inventory	20,910	21,844
Nonspendable for prepaid items	12,756	10,469
Restricted for food service	<u>848,929</u>	<u>986,937</u>
Total fund balances	<u>882,595</u>	<u>1,019,250</u>
Total liabilities and fund balances	<u>\$ 911,462</u>	<u>\$ 1,064,752</u>

INDEPENDENT SCHOOL DISTRICT NO. 199

Food Service Special Revenue Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	\$ 10,000	\$ 27,767	\$ 17,767	\$ 849
Other – primarily meal sales	746,009	639,381	(106,628)	278,143
State sources	274,739	111,293	(163,446)	67,685
Federal sources	1,432,200	1,675,065	242,865	2,398,461
Total revenue	<u>2,462,948</u>	<u>2,453,506</u>	<u>(9,442)</u>	<u>2,745,138</u>
Expenditures				
Current				
Salaries	1,005,700	860,890	(144,810)	807,873
Employee benefits	268,053	252,161	(15,892)	245,477
Purchased services	62,905	252,760	189,855	244,076
Supplies and materials	1,069,008	1,167,397	98,389	1,013,228
Other expenditures	4,500	6,732	2,232	6,250
Capital outlay	132,779	50,221	(82,558)	101,093
Total expenditures	<u>2,542,945</u>	<u>2,590,161</u>	<u>47,216</u>	<u>2,417,997</u>
Net change in fund balances	<u>\$ (79,997)</u>	<u>(136,655)</u>	<u>\$ (56,658)</u>	<u>327,141</u>
Fund balances				
Beginning of year		<u>1,019,250</u>		<u>692,109</u>
End of year		<u>\$ 882,595</u>		<u>\$ 1,019,250</u>

INDEPENDENT SCHOOL DISTRICT NO. 199

Community Service Special Revenue Fund
 Comparative Balance Sheet
 as of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	\$ 601,214	\$ 500,089
Receivables		
Current taxes	228,598	257,753
Delinquent taxes	3,490	2,615
Accounts and interest	150	-
Due from other governmental units	71,826	110,995
Prepaid items	<u>7,075</u>	<u>5,192</u>
Total assets	<u>\$ 912,353</u>	<u>\$ 876,644</u>
Liabilities		
Salaries payable	\$ 93,784	\$ 96,946
Accounts and contracts payable	26,957	36,924
Due to other governmental units	18,025	20,000
Unearned revenue	<u>-</u>	<u>8,106</u>
Total liabilities	<u>138,766</u>	<u>161,976</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	428,009	482,127
Unavailable revenue – delinquent taxes	<u>3,490</u>	<u>2,615</u>
Total deferred inflows of resources	<u>431,499</u>	<u>484,742</u>
Fund balances		
Nonspendable for prepaid items	7,075	5,192
Restricted for community education programs	246,497	157,247
Restricted for school readiness	<u>88,516</u>	<u>67,487</u>
Total fund balances	<u>342,088</u>	<u>229,926</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 912,353</u>	<u>\$ 876,644</u>

INDEPENDENT SCHOOL DISTRICT NO. 199

Community Service Special Revenue Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 441,627	\$ 481,931	\$ 40,304	\$ 487,282
Investment earnings	–	11,349	11,349	517
Other – primarily tuition and fees	929,612	1,126,552	196,940	1,048,329
State sources	470,401	379,353	(91,048)	356,642
Federal sources	106,034	61,821	(44,213)	204,559
Total revenue	<u>1,947,674</u>	<u>2,061,006</u>	<u>113,332</u>	<u>2,097,329</u>
Expenditures				
Current				
Salaries	1,252,808	1,280,481	27,673	1,243,263
Employee benefits	355,285	325,012	(30,273)	357,646
Purchased services	258,721	294,569	35,848	345,503
Supplies and materials	38,918	42,599	3,681	25,426
Other expenditures	2,505	6,183	3,678	1,383
Total expenditures	<u>1,908,237</u>	<u>1,948,844</u>	<u>40,607</u>	<u>1,973,221</u>
Net change in fund balances	<u>\$ 39,437</u>	112,162	<u>\$ 72,725</u>	124,108
Fund balances				
Beginning of year		<u>229,926</u>		<u>105,818</u>
End of year		<u>\$ 342,088</u>		<u>\$ 229,926</u>

INDEPENDENT SCHOOL DISTRICT NO. 199

Capital Projects – Building Construction Fund
Balance Sheet
as of June 30, 2023

	<u>2023</u>
Assets	
Cash and temporary investments	\$ 3,258,514
Liabilities	
Accounts and contracts payable	\$ 729,091
Fund balances	
Restricted for building construction	<u>2,529,423</u>
Total liabilities and fund balances	<u>\$ 3,258,514</u>

INDEPENDENT SCHOOL DISTRICT NO. 199

Capital Projects – Building Construction Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2023

	2023		Over (Under) Budget
	Budget	Actual	
Revenue			
Investment earnings	\$ 25,000	\$ 91,151	\$ 66,151
Expenditures			
Capital outlay			
Purchased services	–	865,889	865,889
Capital expenditures	200,000	36,454	(163,546)
Total expenditures	<u>200,000</u>	<u>902,343</u>	<u>702,343</u>
Excess (deficiency) of revenue over expenditures	(175,000)	(811,192)	(636,192)
Other financing sources			
Bonds issued	3,100,000	3,100,000	–
Premium on bonds issued	168,121	240,615	72,494
Total other financing sources	<u>3,268,121</u>	<u>3,340,615</u>	<u>72,494</u>
Net change in fund balances	<u>\$ 3,093,121</u>	2,529,423	<u>\$ (563,698)</u>
Fund balances			
Beginning of year		<u>–</u>	
End of year		<u>\$ 2,529,423</u>	

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INDEPENDENT SCHOOL DISTRICT NO. 199

Debt Service Fund
 Balance Sheet by Account
 as of June 30, 2023
 (With Comparative Totals as of June 30, 2022)

	Regular	OPEB	Totals	
	Debt Service Account	Debt Service Account	2023	2022
Assets				
Cash and temporary investments	\$ 3,264,894	\$ 356,652	\$ 3,621,546	\$ 3,421,269
Receivables				
Current taxes	2,601,963	277,641	2,879,604	2,666,500
Delinquent taxes	32,866	4,224	37,090	28,606
Due from other governmental units	18,144	1,643	19,787	23,407
Total assets	\$ 5,917,867	\$ 640,160	\$ 6,558,027	\$ 6,139,782
Deferred inflows of resources				
Property taxes levied for subsequent year	\$ 4,871,700	\$ 519,833	\$ 5,391,533	\$ 4,987,693
Unavailable revenue – delinquent taxes	32,866	4,224	37,090	28,606
Total deferred inflows of resources	4,904,566	524,057	5,428,623	5,016,299
Fund balances				
Restricted for debt service	1,013,301	116,103	1,129,404	1,123,483
Total deferred inflows of resources and fund balances	\$ 5,917,867	\$ 640,160	\$ 6,558,027	\$ 6,139,782

INDEPENDENT SCHOOL DISTRICT NO. 199

Debt Service Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account
 Budget and Actual
 Year Ended June 30, 2023
 (With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			Total
	Budget	Regular Debt Service Account	OPEB Debt Service Account	
Revenue				
Local sources				
Property taxes	\$ 4,953,543	\$ 4,460,400	\$ 525,478	\$ 4,985,878
Investment earnings	20,000	48,777	1,826	50,603
State sources	4,500	40,648	46	40,694
Total revenue	<u>4,978,043</u>	<u>4,549,825</u>	<u>527,350</u>	<u>5,077,175</u>
Expenditures				
Debt service				
Principal	3,380,000	2,995,000	335,000	3,330,000
Interest	1,695,448	1,539,093	194,415	1,733,508
Fiscal charges and other	2,800	76,987	950	77,937
Total expenditures	<u>5,078,248</u>	<u>4,611,080</u>	<u>530,365</u>	<u>5,141,445</u>
Excess (deficiency) of revenue over expenditures	(100,205)	(61,255)	(3,015)	(64,270)
Other financing sources (uses)				
Refunding bonds issued	-	8,105,000	-	8,105,000
Premiums on bonds issued	-	400,191	-	400,191
Bond refunding payments	-	(8,435,000)	-	(8,435,000)
Total other financing sources (uses)	<u>-</u>	<u>70,191</u>	<u>-</u>	<u>70,191</u>
Net change in fund balances	<u>\$ (100,205)</u>	8,936	(3,015)	5,921
Fund balances				
Beginning of year		<u>1,004,365</u>	<u>119,118</u>	<u>1,123,483</u>
End of year		<u>\$ 1,013,301</u>	<u>\$ 116,103</u>	<u>\$ 1,129,404</u>

		2022	
Over (Under)			
Budget		Actual	
\$ 32,335		\$ 4,962,696	
30,603		5,141	
36,194		49,388	
<u>99,132</u>		<u>5,017,225</u>	
(50,000)		3,185,000	
38,060		1,857,252	
75,137		1,900	
<u>63,197</u>		<u>5,044,152</u>	
35,935		(26,927)	
8,105,000		—	
400,191		—	
(8,435,000)		—	
<u>70,191</u>		<u>—</u>	
<u>\$ 106,126</u>		<u>(26,927)</u>	
		<u>1,150,410</u>	
		<u>\$ 1,123,483</u>	

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PROPRIETARY FUNDS

The statements that follow are to provide further detail and support additional analysis for the District's proprietary funds.

Internal service funds are proprietary funds used to account for the financing of goods or services provided by one department or agency of a government to other departments or agencies on a cost-reimbursement basis. The District maintains three internal service funds, which are used to account for the District's liabilities for a self-insured employee dental plan, severance and a single-employer pension plan, and a single-employer other post-employment benefits (OPEB) Plan; along with district resources accumulated to pay them.

INDEPENDENT SCHOOL DISTRICT NO. 199

Internal Service Funds
 Combining Statement of Net Position
 as of June 30, 2023
 (With Comparative Totals as of June 30, 2022)

	Dental	Severance	Other	Totals	
	Self-Insurance Fund	and Pension Benefits Fund	Post-Employment Benefits Fund	2023	2022
Assets					
Current assets					
Cash and temporary investments	\$ 146,775	\$ 1,987,892	\$ -	\$ 2,134,667	\$ 2,037,721
Receivables					
Due from other funds	16,461	-	-	16,461	19,048
Prepaid items	1,697	-	-	1,697	1,742
Total current assets	164,933	1,987,892	-	2,152,825	2,058,511
Noncurrent assets					
Restricted assets – temporarily restricted					
Cash and cash equivalents	-	-	3,311,475	3,311,475	3,342,380
Investments	-	-	7,400,096	7,400,096	7,130,731
Total restricted assets – temporarily restricted	-	-	10,711,571	10,711,571	10,473,111
Total assets	164,933	1,987,892	10,711,571	12,864,396	12,531,622
Deferred outflows of resources					
OPEB plan deferments	-	-	482,045	482,045	645,134
Pension plan deferments	-	218,672	-	218,672	377,741
Total deferred outflows of resources	-	218,672	482,045	700,717	1,022,875
Liabilities					
Current liabilities					
Claims payable	17,304	-	-	17,304	33,697
Severance benefits payable	-	41,450	-	41,450	51,642
Total OPEB liability	-	-	307,287	307,287	445,993
Total pension liability	-	173,495	-	173,495	353,770
Due to other funds	-	-	307,287	307,287	445,993
Unearned revenue	16,461	-	-	16,461	19,048
Total current liabilities	33,765	214,945	614,574	863,284	1,350,143
Long-term liabilities, net of current portion					
Severance benefits payable	-	1,152,795	-	1,152,795	1,081,637
Total OPEB liability	-	-	6,210,056	6,210,056	6,739,377
Total pension liability	-	718,525	-	718,525	816,116
Total long-term liabilities	-	1,871,320	6,210,056	8,081,376	8,637,130
Total liabilities	33,765	2,086,265	6,824,630	8,944,660	9,987,273
Deferred inflows of resources					
OPEB plan deferments	-	-	1,869,442	1,869,442	1,026,790
Pension plan deferments	-	22,166	-	22,166	-
Total deferred inflows of resources	-	22,166	1,869,442	1,891,608	1,026,790
Net position					
Restricted for other post-employment liabilities					
Unrestricted	131,168	98,133	-	229,301	80,342
Total net position	\$ 131,168	\$ 98,133	\$ 2,499,544	\$ 2,728,845	\$ 2,540,434

INDEPENDENT SCHOOL DISTRICT NO. 199

Internal Service Funds
 Combining Statement of Revenue, Expenses, and Changes in Net Position
 Year Ended June 30, 2023
 (With Comparative Totals for the Year Ended June 30, 2022)

	Dental	Severance	Other	Totals	
	Self-Insurance Fund	and Pension Benefits Fund	Post-Employment Benefits Fund	2023	2022
Operating revenue					
Contributions from governmental funds	\$ 474,959	\$ 224,183	\$ -	\$ 699,142	\$ 928,486
Operating expenses					
Dental benefit claims	425,260	-	-	425,260	438,044
Severance benefits	-	111,654	-	111,654	(65,307)
Pension benefits	-	76,864	-	76,864	102,463
OPEB	-	-	645,001	645,001	709,340
Total operating expenses	<u>425,260</u>	<u>188,518</u>	<u>645,001</u>	<u>1,258,779</u>	<u>1,184,540</u>
Operating income (loss)	49,699	35,665	(645,001)	(559,637)	(256,054)
Nonoperating revenues					
Investment earnings (losses)	<u>-</u>	<u>63,595</u>	<u>684,453</u>	<u>748,048</u>	<u>(1,221,791)</u>
Change in net position	49,699	99,260	39,452	188,411	(1,477,845)
Net position					
Beginning of year	<u>81,469</u>	<u>(1,127)</u>	<u>2,460,092</u>	<u>2,540,434</u>	<u>4,018,279</u>
End of year	<u>\$ 131,168</u>	<u>\$ 98,133</u>	<u>\$ 2,499,544</u>	<u>\$ 2,728,845</u>	<u>\$ 2,540,434</u>

INDEPENDENT SCHOOL DISTRICT NO. 199

Internal Service Funds
 Combining Statement of Cash Flows
 Year Ended June 30, 2023
 (With Comparative Totals for the Year Ended June 30, 2022)

	Dental	Severance	Other	Totals	
	Self-Insurance Fund	and Pension Benefits Fund	Post-Employment Benefits Fund	2023	2022
Cash flows from operating activities					
Receipts from assessments made to governmental funds	\$ 475,004	\$ 224,183	\$ (138,706)	\$ 560,481	\$ 679,188
Payments for dental claims	(441,653)	–	–	(441,653)	(420,832)
Benefit payments	–	(224,183)	(307,287)	(531,470)	(880,329)
Net cash flows from operating activities	33,351	–	(445,993)	(412,642)	(621,973)
Cash flows from investing activities					
Purchases of investments	–	–	(5,964,270)	(5,964,270)	(806,810)
Sales and maturities of investments	–	–	5,694,905	5,694,905	1,233,825
Interest and dividends on investments	–	63,595	684,453	748,048	(1,221,791)
Net cash flows from investing activities	–	63,595	415,088	478,683	(794,776)
Net change in cash and cash equivalents	33,351	63,595	(30,905)	66,041	(1,416,749)
Cash and cash equivalents					
Beginning of year	113,424	1,924,297	3,342,380	5,380,101	6,796,850
End of year	\$ 146,775	\$ 1,987,892	\$ 3,311,475	\$ 5,446,142	\$ 5,380,101
Reconciliation of operating income (loss) to net cash flows from operating activities					
Operating income (loss)	\$ 49,699	\$ 35,665	\$ (645,001)	\$ (559,637)	\$ (256,054)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities					
Changes in assets, liabilities, and deferred outflows/inflows of resources					
Due from other funds	2,587	–	–	2,587	(40)
Prepaid items	45	–	–	45	(32)
Claims payable	(16,393)	–	–	(16,393)	17,212
Unearned revenue	(2,587)	–	–	(2,587)	(39,554)
OPEB plan deferments	–	–	1,005,741	1,005,741	(14,977)
Pension plan deferments	–	181,235	–	181,235	23,699
Due to other funds	–	–	(138,706)	(138,706)	(209,672)
Total pension liability	–	(277,866)	–	(277,866)	(275,006)
Total OPEB liability	–	–	(668,027)	(668,027)	278,324
Severance benefits payable	–	60,966	–	60,966	(145,873)
Net cash flows from operating activities	\$ 33,351	\$ –	\$ (445,993)	\$ (412,642)	\$ (621,973)

STATISTICAL SECTION

(UNAUDITED)

TAB

STATISTICAL SECTION (UNAUDITED)

This section of Independent School District No. 199, Inver Grove Heights, Minnesota's (the District) Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents:

	Page
Financial Trends	91
<p>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</p>	
Revenue Capacity	101
<p>These schedules contain information to help the reader assess the District's most significant local revenue source, property taxes.</p>	
Debt Capacity	107
<p>These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.</p>	
Demographic and Economic Information	113
<p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.</p>	
Operating Indicators	117
<p>These schedules contain service and infrastructure data to help the reader understand how the information in the District's ACFR relates to the services the District provides, and the activities it performs.</p>	

Sources: Unless otherwise noted, the information in these schedules is derived from the District's ACFR for the relevant year.

INDEPENDENT SCHOOL DISTRICT NO. 199

Net Position by Component
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
Governmental activities				
Net investment in capital assets	\$ 8,787,376	\$ 9,936,693	\$ 11,363,890	\$ 13,119,656
Restricted	4,815,014	4,466,287	4,078,494	5,346,052
Unrestricted	9,711,965	(16,785,417)	(15,034,472)	(28,711,244)
Total governmental activities net position	<u>\$ 23,314,355</u>	<u>\$ (2,382,437)</u>	<u>\$ 407,912</u>	<u>\$ (10,245,536)</u>

Note 1: The District implemented GASB Statement No. 68 in 2015, which resulted in a \$26,559,876 reduction of beginning net position. Prior year information has not been restated.

Note 2: The District implemented GASB Statement No. 73 in 2017, which resulted in a \$1,610,613 reduction of beginning net position. Prior year information has not been restated.

Note 3: The District implemented GASB Statement No. 75 in 2018, which resulted in a \$5,751,098 reduction of beginning net position. Prior year information has not been restated.

Note 4: The District implemented GASB Statement No. 84 in 2020, which resulted in a \$37,862 increase to beginning net position. Prior year information has not been restated.

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 14,801,902	\$ 15,699,953	\$ 17,134,061	\$ 18,976,014	\$ 20,599,420	\$ 22,780,820
4,574,619	4,898,796	5,013,172	5,409,172	6,289,425	6,451,237
<u>(43,839,055)</u>	<u>(34,304,497)</u>	<u>(38,009,221)</u>	<u>(37,547,044)</u>	<u>(37,898,530)</u>	<u>(30,061,253)</u>
<u><u>\$(24,462,534)</u></u>	<u><u>\$(13,705,748)</u></u>	<u><u>\$(15,861,988)</u></u>	<u><u>\$(13,161,858)</u></u>	<u><u>\$(11,009,685)</u></u>	<u><u>\$ (829,196)</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 199

Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
Governmental activities				
Expenses				
Administration	\$ 1,692,441	\$ 1,642,918	\$ 1,668,525	\$ 2,213,704
District support services	1,367,090	1,436,499	2,237,559	2,670,755
Elementary and secondary regular instruction	17,186,229	17,492,321	18,123,732	26,134,438
Vocational education instruction	214,654	184,107	231,331	335,447
Special education instruction	7,214,834	7,496,130	8,107,795	10,706,959
Instructional support services	3,100,949	2,981,203	2,820,805	3,330,003
Pupil support services	3,776,803	4,025,098	3,904,644	4,470,214
Sites and buildings	5,366,312	5,232,292	5,553,004	5,118,362
Fiscal and other fixed cost programs	122,697	124,278	104,350	129,517
Food service	1,789,311	1,854,645	1,996,766	2,018,448
Community service	2,192,959	2,170,270	2,141,074	2,258,123
Unallocated depreciation	1,257,548	1,686,488	1,771,423	1,989,650
Interest on long-term debt	2,632,077	4,040,011	2,301,324	2,277,837
Total governmental activities expenses	<u>47,913,904</u>	<u>50,366,260</u>	<u>50,962,332</u>	<u>63,653,457</u>
Program revenues				
Charges for services				
District support services	-	-	-	-
Elementary and secondary regular instruction	170,300	244,580	238,815	438,600
Special education instruction	307,058	172,095	169,392	115,869
Instructional support services	-	-	-	-
Pupil support services	92,698	108,818	93,553	-
Sites and buildings	40,292	-	-	-
Food service	817,497	787,788	709,730	690,858
Community service	1,379,546	1,494,162	1,556,706	1,431,512
Operating grants and contributions	6,933,645	6,990,499	7,537,891	7,394,314
Total governmental activities program revenues	<u>9,741,036</u>	<u>9,797,942</u>	<u>10,306,087</u>	<u>10,071,153</u>
Net (expense) revenue	(38,172,868)	(40,568,318)	(40,656,245)	(53,582,304)
General revenues and other changes in net position				
Taxes				
Property taxes levied for general purposes	4,675,431	6,666,391	8,065,878	7,430,517
Property taxes levied for community service	261,765	438,467	468,718	469,744
Property taxes levied for debt service	4,230,516	5,530,393	5,365,128	5,245,377
General grants and aids	28,483,217	28,045,536	29,060,036	29,739,668
Other general revenues	647,393	557,701	547,489	583,264
Gain on sale of capital assets	-	-	-	-
Investment earnings (charges)	1,092,268	192,914	(60,655)	1,070,899
Total general revenues and other changes in net position	<u>39,390,590</u>	<u>41,431,402</u>	<u>43,446,594</u>	<u>44,539,469</u>
Change in net position	<u>\$ 1,217,722</u>	<u>\$ 863,084</u>	<u>\$ 2,790,349</u>	<u>\$ (9,042,835)</u>

2018	2019	2020	2021	2022	2023
\$ 2,266,737	\$ 1,281,112	\$ 2,043,921	\$ 2,112,675	\$ 1,828,593	\$ 1,761,976
2,672,841	2,390,377	1,952,183	3,174,613	2,351,517	2,744,092
25,739,432	13,623,272	22,467,658	21,484,892	20,377,137	16,091,529
319,225	139,911	263,727	256,929	354,162	203,882
9,715,185	5,846,255	9,135,371	9,137,586	8,839,076	7,759,183
3,147,923	2,155,752	2,909,356	2,818,347	3,289,911	3,005,707
4,677,260	3,912,284	4,750,012	4,830,075	5,995,218	6,634,491
4,735,153	5,366,346	5,166,185	5,211,396	5,706,565	5,240,908
133,569	142,688	151,301	172,243	209,045	241,015
2,094,804	2,104,170	2,389,827	1,771,966	2,305,767	2,654,476
2,234,523	2,233,181	2,292,725	2,224,253	2,067,292	1,996,630
2,060,251	2,079,707	2,008,283	2,001,419	2,039,841	2,022,282
2,170,509	2,040,858	2,056,565	1,822,499	1,693,967	1,695,630
61,967,412	43,315,913	57,587,114	57,018,893	57,058,091	52,051,801
-	-	16	433	98	426
290,199	339,355	314,173	203,557	571,765	311,522
236,388	206,815	261,711	261,686	411,643	348,201
-	-	380	737	157	74
539	612	-	-	357	210
-	5,018	19,051	165,236	16,707	17,793
689,887	711,390	598,582	181,115	278,143	639,381
1,293,312	1,324,089	971,439	699,224	1,048,329	1,126,552
7,565,389	7,672,790	8,851,121	10,289,574	11,381,389	11,924,379
10,075,714	10,260,069	11,016,473	11,801,562	13,708,588	14,368,538
(51,891,698)	(33,055,844)	(46,570,641)	(45,217,331)	(43,349,503)	(37,683,263)
7,392,288	8,985,171	8,655,657	8,373,465	9,403,432	9,314,067
455,172	439,749	450,485	398,378	487,907	482,806
5,153,601	4,899,736	5,015,014	4,784,504	4,968,789	4,994,362
28,813,615	27,646,412	29,050,646	31,025,027	31,071,764	30,872,858
667,540	882,625	497,985	570,707	776,052	830,574
-	-	-	731,385	-	-
943,582	958,937	706,752	2,033,995	(1,206,268)	1,369,085
43,425,798	43,812,630	44,376,539	47,917,461	45,501,676	47,863,752
\$ (8,465,900)	\$ 10,756,786	\$ (2,194,102)	\$ 2,700,130	\$ 2,152,173	\$ 10,180,489

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INDEPENDENT SCHOOL DISTRICT NO. 199

Governmental Activities Tax Revenues by Source and Levy Type
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

Fiscal Year	Property Tax			
	General Purposes	Community Service	Debt Service	Total
2014	\$ 4,675,431	\$ 261,765	\$ 4,230,516	\$ 9,167,712
2015	6,666,391	438,467	5,530,393	12,635,251
2016	8,065,878	468,718	5,365,128	13,899,724
2017	7,430,517	469,744	5,245,377	13,145,638
2018	7,392,288	455,172	5,153,601	13,001,061
2019	8,985,171	439,749	4,899,736	14,324,656
2020	8,655,657	450,485	5,015,014	14,121,156
2021	8,373,465	398,378	4,784,504	13,556,347
2022	9,403,432	487,907	4,968,789	14,860,128
2023	9,314,067	482,806	4,994,362	14,791,235

Note: Legislative “tax shift” changes impacted the amount of tax revenue recognized in fiscal year 2014. These changes were offset by an adjustment to state aid payments of an equal amount.

INDEPENDENT SCHOOL DISTRICT NO. 199

Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

	2014	2015	2016	Fiscal Year 2017
General Fund				
Nonspendable	\$ 149,699	\$ 157,622	\$ 159,205	\$ 178,750
Restricted	2,283,187	2,006,156	1,832,711	2,326,184
Assigned	4,295,345	4,896,896	6,527,881	6,422,538
Unassigned	4,888,185	4,083,208	4,024,741	3,442,863
Total General Fund	<u>\$ 11,616,416</u>	<u>\$ 11,143,882</u>	<u>\$ 12,544,538</u>	<u>\$ 12,370,335</u>
All other governmental funds				
Nonspendable	\$ 50,824	\$ 61,214	\$ 115,506	\$ 119,389
Restricted	23,979,080	36,686,027	4,241,345	3,082,621
Unassigned, reported in				
Special revenue funds	-	-	(3,266)	(3,312)
Capital Projects –				
Building Construction Fund	-	-	-	-
Total all other governmental funds	<u>\$ 24,029,904</u>	<u>\$ 36,747,241</u>	<u>\$ 4,353,585</u>	<u>\$ 3,198,698</u>

2018	2019	2020	2021	2022	2023
\$ 231,528	\$ 315,981	\$ 507,652	\$ 268,945	\$ 344,539	\$ 524,948
2,390,059	3,125,944	3,687,257	4,286,177	4,668,500	4,813,819
6,276,671	5,510,000	3,854,004	4,347,655	2,706,524	2,180,752
3,518,579	3,818,466	3,813,365	4,087,272	4,314,455	4,160,574
<u>\$ 12,416,837</u>	<u>\$ 12,770,391</u>	<u>\$ 11,862,278</u>	<u>\$ 12,990,049</u>	<u>\$ 12,034,018</u>	<u>\$ 11,680,093</u>
\$ 70,229	\$ 55,745	\$ 74,735	\$ 56,073	\$ 37,505	\$ 40,741
3,050,314	2,600,936	2,396,920	1,892,264	2,335,154	4,842,769
-	-	-	-	-	-
-	(268,667)	-	-	-	-
<u>\$ 3,120,543</u>	<u>\$ 2,388,014</u>	<u>\$ 2,471,655</u>	<u>\$ 1,948,337</u>	<u>\$ 2,372,659</u>	<u>\$ 4,883,510</u>

INDEPENDENT SCHOOL DISTRICT NO. 199

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
Revenues				
Local sources				
Taxes	\$ 9,176,288	\$ 12,624,331	\$ 13,973,823	\$ 13,118,151
Investment earnings	35,373	71,154	58,682	96,526
Other	3,466,844	3,371,742	3,315,687	3,239,078
State sources	33,046,899	32,474,952	33,981,637	33,441,369
Federal sources	2,357,903	2,500,477	2,616,288	2,617,382
Total revenues	<u>48,083,307</u>	<u>51,042,656</u>	<u>53,946,117</u>	<u>52,512,506</u>
Expenditures				
Current				
Administration	1,708,563	1,607,222	1,628,534	1,632,682
District support services	1,360,469	1,536,843	2,160,942	2,510,943
Elementary and secondary regular instruction	17,164,911	17,473,299	18,088,021	18,228,129
Vocational education instruction	212,314	182,731	229,112	224,984
Special education instruction	7,138,434	7,501,074	8,023,818	7,697,527
Instructional support services	3,077,640	2,976,754	2,763,222	2,547,795
Pupil support services	3,838,459	4,035,913	3,916,467	4,099,493
Sites and buildings	7,867,523	6,498,931	5,239,014	5,653,104
Fiscal and other fixed cost programs	122,697	124,278	104,350	129,517
Food service	1,742,822	1,822,190	1,843,175	1,907,529
Community service	2,169,621	2,165,402	2,096,321	2,017,794
Capital outlay	3,280,455	14,103,768	5,983,434	1,614,221
Debt service				
Principal	2,491,798	3,376,359	2,870,310	3,154,192
Interest and fiscal charges	2,308,781	3,977,113	3,572,397	2,738,162
Total expenditures	<u>54,484,487</u>	<u>67,381,877</u>	<u>58,519,117</u>	<u>54,156,072</u>
Excess of revenues over (under) expenditures	(6,401,180)	(16,339,221)	(4,573,000)	(1,643,566)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Sale of capital assets	4,000	2,000	-	-
Insurance recovery	-	-	-	-
Debt issued	24,750,000	24,320,000	-	9,725,000
Financed purchases	2,862,783	769,042	-	197,450
Premiums on bonds issued	497,469	3,492,982	-	34,835
Bond refunding payments	-	-	(26,420,000)	(9,642,809)
Total other financing sources (uses)	<u>28,114,252</u>	<u>28,584,024</u>	<u>(26,420,000)</u>	<u>314,476</u>
Net change in fund balances	<u>\$ 21,713,072</u>	<u>\$ 12,244,803</u>	<u>\$ (30,993,000)</u>	<u>\$ (1,329,090)</u>
Debt service as a percentage of noncapital expenditures	<u>9.9%</u>	<u>14.2%</u>	<u>12.2%</u>	<u>11.4%</u>

2018	2019	2020	2021	2022	2023
\$ 13,041,738	\$ 14,324,223	\$ 14,106,356	\$ 13,589,094	\$ 14,841,686	\$ 14,764,885
235,560	377,928	280,569	36,526	15,523	621,037
3,177,866	3,468,654	2,663,335	2,083,294	3,107,321	3,242,103
33,805,869	34,311,026	34,868,044	35,360,869	34,870,079	35,818,370
2,584,143	2,556,370	3,022,878	5,889,823	7,745,198	6,804,098
52,845,176	55,038,201	54,941,182	56,959,606	60,579,807	61,250,493
1,794,497	1,786,951	1,862,666	1,871,804	1,911,140	1,994,643
2,576,555	2,501,053	2,060,484	3,161,298	2,412,691	2,698,707
18,872,549	20,303,839	20,500,916	19,921,493	21,375,645	20,455,502
226,070	233,967	240,993	238,631	367,756	298,099
7,459,954	8,030,197	8,584,099	8,727,072	9,263,242	9,238,849
2,516,287	2,795,356	2,747,643	2,687,587	3,416,861	3,507,838
4,174,220	4,304,432	4,558,702	4,802,119	6,026,145	7,198,514
5,198,702	5,488,638	5,239,813	5,677,171	5,728,228	5,281,560
133,569	142,688	151,301	172,243	209,045	241,015
2,055,665	2,151,652	2,329,334	1,751,959	2,316,904	2,539,940
2,071,156	2,433,227	2,216,371	2,175,498	2,169,732	2,140,031
56,833	341,222	3,545,014	333,525	101,093	952,564
3,286,888	3,196,561	3,568,609	3,610,141	4,020,864	3,995,368
2,453,884	2,317,418	2,280,471	2,208,292	2,055,870	1,994,373
52,876,829	56,027,201	59,886,416	57,338,833	61,375,216	62,537,003
(31,653)	(989,000)	(4,945,234)	(379,227)	(795,409)	(1,286,510)
—	—	91,678	—	—	—
—	—	(91,678)	—	—	—
—	1,250	—	749,385	—	21,000
—	—	—	749,385	—	11,630
—	—	6,430,000	—	—	11,205,000
—	608,775	117,187	234,295	263,700	—
—	—	515,713	—	—	640,806
—	—	(2,980,000)	—	—	(8,435,000)
—	610,025	4,082,900	1,733,065	263,700	3,443,436
\$ (31,653)	\$ (378,975)	\$ (862,334)	\$ 1,353,838	\$ (531,709)	\$ 2,156,926
11.0%	9.9%	10.4%	10.3%	9.9%	9.8%

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INDEPENDENT SCHOOL DISTRICT NO. 199

General Governmental Tax Revenues by Source and Levy Type
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

Fiscal Year	Property Tax				Total
	General Fund	Community Service Special Revenue Fund	Debt Service Fund		
2014	\$ 4,682,086	\$ 261,704	\$ 4,232,498	\$ 9,176,288	
2015	6,666,863	438,277	5,519,191	12,624,331	
2016	8,108,315	471,552	5,393,956	13,973,823	
2017	7,415,936	468,593	5,233,622	13,118,151	
2018	7,414,932	456,545	5,170,261	13,041,738	
2019	8,984,383	439,896	4,899,944	14,324,223	
2020	8,646,092	450,231	5,010,033	14,106,356	
2021	8,392,557	399,459	4,797,078	13,589,094	
2022	9,391,708	487,282	4,962,696	14,841,686	
2023	9,297,076	481,931	4,985,878	14,764,885	

Note: Legislative “tax shift” changes impacted the amount of tax revenue recognized in fiscal year 2014. These changes were offset by an adjustment to state aid payments of an equal amount.

INDEPENDENT SCHOOL DISTRICT NO. 199

Tax Capacities and Estimated Market Values
Last Ten Fiscal Years

For Taxes Collectible	Tax Capacities			
	Agricultural	Nonagricultural	Fiscal Disparities	
			Contribution	Distribution
2014	\$ 89,149	\$ 27,491,499	\$ (3,620,945)	\$ 3,177,462
2015	95,856	29,087,123	(3,708,676)	3,190,379
2016	96,649	30,828,616	(3,735,815)	3,228,581
2017	96,474	31,560,033	(3,917,829)	3,471,670
2018	69,726	34,282,956	(3,959,223)	3,606,975
2019	86,665	36,662,847	(4,189,088)	3,789,250
2020	88,014	38,410,487	(4,233,911)	4,100,192
2021	89,734	40,769,553	(4,348,963)	4,212,617
2022	92,333	42,555,548	(4,715,528)	4,465,385
2023	83,275	48,085,267	(4,629,236)	4,423,146

Note: Tax capacity is calculated by applying class rates for specific property classifications (residential, commercial, etc.) to the assessed market value. Class rates are periodically changed by the state.

Source: School Tax Report from the Minnesota Department of Education

<u>Tax Increment</u>	<u>Total</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Market Value</u>	<u>Percentage Total Tax Capacity of Estimated Market Value</u>
\$ (1,631,509)	\$ 25,505,656	33.418	\$ 2,374,607,550	1.07 %
(1,923,157)	26,741,525	34.864	2,518,406,576	1.06
(1,824,068)	28,593,963	30.272	2,657,143,330	1.08
(1,855,640)	29,354,708	28.572	2,719,753,074	1.08
(1,635,215)	32,365,219	26.680	2,945,747,808	1.10
(1,671,036)	34,678,638	26.537	3,144,183,603	1.10
(74,966)	38,289,816	22.896	3,294,618,584	1.16
(23,706)	40,699,235	23.368	3,473,292,797	1.17
(24,697)	42,373,041	22.296	3,636,021,450	1.17
–	47,962,452	20.009	4,112,728,142	1.17

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INDEPENDENT SCHOOL DISTRICT NO. 199

Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

<u>Tax Collection Year</u>	<u>ISD No. 199</u>	<u>City of Inver Grove Heights</u>	<u>Dakota County</u>	<u>Other</u>	<u>Total</u>
2014	33.418	46.128	31.827	4.993	116.366
2015	34.864	48.131	29.633	4.567	117.195
2016	30.272	49.266	28.570	4.614	112.722
2017	28.572	51.644	28.004	4.458	112.678
2018	26.680	52.078	26.580	3.878	109.216
2019	26.537	53.537	25.386	3.824	109.284
2020	22.896	51.037	24.133	3.631	101.697
2021	23.368	50.590	22.716	3.432	100.106
2022	22.296	51.925	21.630	3.381	99.232
2023	20.009	48.814	18.816	2.914	90.553

Note 1: Tax rates are per one dollar of tax capacity.

Note 2: The tax capacity rate applied to an individual property is the sum of the applicable school district, city, county, and other taxing entity tax rates. The majority of the District is in the City of Inver Grove Heights, which is the rate used above. The “other” taxing entities include: Metropolitan Council, Metropolitan Mosquito Control District, and Metropolitan Transit.

Note 3: District rates do not include the referendum, which is spread on the District’s referendum market value.

Source: Dakota County Auditor

INDEPENDENT SCHOOL DISTRICT NO. 199

Principal Taxpayers
Current Year and Nine Years Ago

Taxpayer	Type of Property	2023		
		Tax Capacity	Rank	Percentage of Total Tax Capacity
Flint Hills Resources LP (aka Great Northern Oil Company)	Industrial	\$ 3,386,920	1	7.06 %
Xcel Energy	Utility	1,219,308	2	2.54
GSIC II Southview LLC	Apartments	959,300	3	2.00
Lake Cove Village Apartments	Apartments	664,039	4	1.38
Salem Green Limited Partnership	Apartments	592,731	5	1.24
PHM Inver Grove, Inc.	Apartments	532,912	6	1.11
Pearwood Estates LP	Apartments	465,725	7	0.97
Brentwood Hills Limited Partnership	Apartments	413,520	8	0.86
Monument Ridge LLC	Apartments	315,560	9	0.66
CH Inver Grove Heights MN Landlord LLC	Commercial	309,756	10	0.65
ML Casa IV LP	Apartments	–	–	–
Vansouth Limited Partnership	Distribution center	–	–	–
Farmers Union Central Exchange	Farm supplies/services	–	–	–
Total		<u>\$ 8,859,771</u>		<u>18.47 %</u>

Source: City of Inver Grove Heights. Percentages represent the taxpayers' percentages of the total tax capacity within the City of Inver Grove Heights.

2014		
<u>Tax Capacity</u>	<u>Rank</u>	<u>Percentage of Total Tax Capacity</u>
\$ 2,291,583	1	8.98 %
1,198,132	2	4.70
—	—	—
335,105	5	1.31
252,178	7	0.99
337,874	4	1.32
209,303	10	0.82
229,321	9	0.90
—	—	—
—	—	—
457,731	3	1.79
284,646	6	1.12
248,314	8	0.97
<u>\$ 5,844,187</u>		<u>22.91 %</u>

INDEPENDENT SCHOOL DISTRICT NO. 199

Property Tax Levies and Collections
Last Ten Fiscal Years

Levy Year Ended December 31,	Total Tax Levy	Collected Within the Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	\$ 12,713,543	\$ 12,486,635	98.22 %	\$ 222,467	\$ 12,709,102	99.97 %
2015	13,874,201	13,764,307	99.21	105,715	13,870,022	99.97
2016	13,080,386	12,978,959	99.22	98,787	13,077,746	99.98
2017	12,896,577	12,797,398	99.23	95,573	12,892,971	99.97
2018	14,319,231	14,215,747	99.28	99,684	14,315,431	99.97
2019	14,087,906	14,018,606	99.51	64,433	14,083,039	99.97
2020	13,539,687	13,475,094	99.52	55,736	13,530,830	99.93
2021	14,668,596	14,584,340	99.43	41,415	14,625,755	99.71
2022	14,555,944	14,463,113	99.36	64,083	14,527,196	99.80
2023	(1) 15,258,895	7,109,158	N/A	N/A	7,109,158	46.59

N/A – Not Applicable

(1) Only a portion of the calendar year 2023 levy was collected by June 30, 2023.

Source: Dakota County Department of Property Tax and Public Records

INDEPENDENT SCHOOL DISTRICT NO. 199

Outstanding Debt by Type
Last Ten Fiscal Years

Year Ended June 30,	Governmental Activities					Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	G.O. Bonds and Certificates	Financed Purchases	Leases	Special Assessments				
2014	\$ 70,100,129	\$ 2,834,366	\$ -	\$ 81,250	\$ 73,015,745	6.13 %	\$ 2,136	
2015	94,666,246	3,104,549	-	68,750	97,839,545	8.06	2,839	
2016	65,161,665	2,581,739	-	56,250	67,799,654	5.56	1,958	
2017	63,503,216	2,292,497	-	43,750	65,839,463	5.33	1,869	
2018	60,242,399	1,948,109	-	31,250	62,221,758	4.78	1,766	
2019	57,071,582	2,212,823	-	18,750	59,303,155	4.16	1,677	
2020	57,497,750	1,958,901	-	6,250	59,462,901	3.99	1,676	
2021	53,950,971	1,734,305	-	-	55,685,276	2.64	1,577	
2022	50,224,192	1,538,128	1,233,282	-	52,995,602	3.39	1,480	
2023	48,915,598	1,261,444	989,598	-	51,166,640	2.98	1,432	

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

Note: Details regarding the District's outstanding debt can be found in the notes to basic financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 199

Ratio of Net General Obligation Bonded Debt
to Market Value and Net General Obligation Bonded Debt per Capita
Last Ten Fiscal Years

<u>Year Ended June 30,</u>	<u>Gross Bonded Debt</u>	<u>Less Debt Service Funds on Hand</u>	<u>Net Bonded Debt</u>	<u>Estimated Market Value</u>	<u>Percentage of of Net Debt to Estimated Market Value</u>
2014	\$ 70,100,129	\$ 1,222,332	\$ 68,877,797	\$ 2,374,607,550	2.90 %
2015	94,666,246	27,854,083	66,812,163	2,518,406,576	2.65
2016	65,161,665	1,041,646	64,120,019	2,657,143,330	2.41
2017	63,503,216	1,214,385	62,288,831	2,719,753,074	2.29
2018	60,242,399	1,282,748	58,959,651	2,945,747,808	2.00
2019	57,071,582	1,280,729	55,790,853	3,144,183,603	1.77
2020	57,497,750	1,295,472	56,202,278	3,294,618,584	1.71
2021	53,950,971	1,150,410	52,800,561	3,473,292,797	1.52
2022	50,224,192	1,123,483	49,100,709	3,636,021,450	1.35
2023	48,915,598	1,129,404	47,786,194	4,112,728,142	1.16

Sources: Tax capacity information – School Tax Report from the Minnesota Department of Education.
Population estimates from the City of Inver Grove Heights’ ACFR.

<u>Estimated Population</u>	<u>Net Bonded Debt per Capita</u>
34,189	\$ 2,015
34,458	1,939
34,627	1,852
35,234	1,768
35,236	1,673
35,372	1,577
35,481	1,584
35,321	1,495
35,801	1,371
35,743	1,337

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INDEPENDENT SCHOOL DISTRICT NO. 199

Direct and Overlapping Debt
June 30, 2023

Governmental Unit	Governmental Activities Debt Outstanding	Percent Allocable to ISD No. 199	Portion Allocable to ISD No. 199
Independent School District No. 199	\$ 47,815,000	100.00 %	\$ 47,815,000
Overlapping debt			
City of Inver Grove Heights	34,970,000	73.86	25,828,842
City of Rosemount	111,685,000	5.17	5,774,115
City of South St. Paul	19,493,000	0.72	140,350
Metropolitan Council	1,831,381,000	0.74	13,552,219
Total overlapping debt			<u>45,295,526</u>
Total direct and overlapping debt			<u>\$ 93,110,526</u>

- (1) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents of the District. The percentage is estimated taking the taxable market value of the overlapping government within the District's boundaries divided by the overlapping government's total taxable market value. Overlapping debt percentages used above are for Dakota County. Percentages applicable to the District are not readily available.

Source: Dakota County

INDEPENDENT SCHOOL DISTRICT NO. 199

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2014	2015	2016	2017
Debt limit	\$ 356,191,133	\$ 377,760,986	\$ 398,571,500	\$ 407,962,961
Total net debt applicable to the limit	<u>67,917,668</u>	<u>62,740,917</u>	<u>60,798,354</u>	<u>59,280,615</u>
Legal debt margin	<u>\$ 288,273,465</u>	<u>\$ 315,020,069</u>	<u>\$ 337,773,146</u>	<u>\$ 348,682,346</u>
Total net debt applicable to the limit as a percentage of debt limit	19.07%	16.61%	15.25%	14.53%

Note: Under state finance law, the District's outstanding general obligation debt should not exceed 15 percent of total market property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Source: Market Value – School Tax Report from the Minnesota Department of Education

2018	2019	2020	2021	2022	2023
\$ 441,862,171	\$ 471,627,540	\$ 494,192,788	\$ 520,993,920	\$ 545,403,218	\$ 616,909,221
56,282,252	53,444,271	53,694,528	50,694,590	47,396,517	46,685,596
<u>\$ 385,579,919</u>	<u>\$ 418,183,269</u>	<u>\$ 440,498,260</u>	<u>\$ 470,299,330</u>	<u>\$ 498,006,701</u>	<u>\$ 570,223,625</u>
12.74%	11.33%	10.87%	9.73%	8.69%	7.57%

Legal Debt Margin Calculation for Fiscal Year 2023

Market value	\$4,112,728,142
Debt limit (15% of market value)	616,909,221
Debt applicable to limit	
General obligation bonds and certificates	47,815,000
Less amount set aside for repayment of general obligation debt	<u>(1,129,404)</u>
Total net debt applicable to limit	<u>46,685,596</u>
Legal debt margin	<u>\$ 570,223,625</u>

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INDEPENDENT SCHOOL DISTRICT NO. 199

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year Ended June 30,	City of Inver Grove Heights (1)				School Enrollment
	Population	Personal Income	Per Capita Personal Income	Unemployment Rate	
2014	34,189	\$ 1,190,529,358	\$ 34,822	4.7 %	3,855
2015	34,458	1,213,335,096	35,212	3.9	3,816
2016	34,627	1,219,285,924	35,212	3.5	3,811
2017	35,234	1,234,916,466	35,049	3.3	3,618
2018	35,236	1,300,419,816	36,906	3.3	3,640
2019	35,372	1,425,526,972	40,301	2.6	3,583
2020	35,481	1,488,569,874	41,954	3.0	3,565
2021	35,321	2,108,063,243	59,683	7.9	3,400
2022	35,801	1,564,897,511	43,711	3.4	3,407
2023	35,743	1,719,235,622	48,100	2.0	3,398

(1) The source is the City of Inver Grove Heights' ACFRs. Data is from the calendar year ending within the District's indicated fiscal year.

INDEPENDENT SCHOOL DISTRICT NO. 199

Principal Employers
Current Year and Nine Years Ago

Employer	2023 (1)		
	Employees	Rank	Percentage of Total Employment
Cenex/CHS Cooperatives	1,600	1	8.15 %
Independent School District No. 199	668	2	3.40
Gertens	435	3	2.22
City of Inver Grove Heights	421	4	2.14
Travel Tags	350	5	1.78
Inver Hills Community College	337	6	1.72
Total Construction	250	7	1.27
Walmart	210	8	1.07
Woodlyn Heights Senior Living	200	9	1.02
Cub Foods	160	10	0.82
Evergreen Industries	—	—	—
Allied Waste Services	—	—	—
Southview Chevrolet	—	—	—
Inver Grove Ford	—	—	—
Total	4,631		23.59 %

(1) Fiscal year 2022 amounts were used as an estimate for fiscal year 2023, as more recent information is not readily available.

Source: City of Inver Grove Heights' ACFR

2014

<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
1,000	1	5.02 %
472	2	2.35
—	—	—
130	9	0.65
350	3	1.76
343	4	1.72
—	—	—
270	6	1.36
—	—	—
—	—	—
300	5	1.50
140	7	0.70
135	8	0.68
100	10	0.50
<u>3,240</u>		<u>16.24 %</u>

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INDEPENDENT SCHOOL DISTRICT NO. 199

Employees by Classification
Last Ten Fiscal Years

Employees (1)	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
District directors/superintendent	1	1	1	1	1	1	1	1	1	1
Principals	9	9	9	9	9	9	9	8	8	8
Teachers	245	248	265	251	258	261	263	265	279	280
Coordinators, supervisors, specialists, and technical support	43	46	49	51	54	54	54	33	38	35
Paraprofessionals	85	78	85	83	77	82	77	90	84	81
Food service	22	23	27	28	22	25	26	25	25	27
Custodians	27	25	30	31	31	32	33	34	31	31
Community education leads and assistants	19	19	27	18	16	17	17	12	21	20
Total	451	449	493	472	468	481	480	468	487	483

(1) This schedule is a head count based on contract groups; if an employee has multiple contract groups, they are reflected multiple times. Full-time and part-time employees count the same.

Source: The District's Human Resources Department

INDEPENDENT SCHOOL DISTRICT NO. 199

Operating Indicators
Standardized Testing and Graduation Rates
Last Ten Fiscal Years

	Fiscal Year			
	2014	2015	2016	2017
Standardized tests				
MCA reading (1)				
Grade 3	61 %	60 %	59 %	45 %
Grade 5	72	70	72	72
Grade 7	44	57	59	59
Grade 10	62	53	62	56
MCA math (1)				
Grade 3	75	73	71	58
Grade 5	72	61	61	57
Grade 7	46	51	53	48
Grade 11	51	48	42	55
ACT				
Average composite score	23.8	21.0	22.8	21.4
Graduation data				
District graduation rates	90	91	84	92
State graduation rate	81	82	82	83
Post graduation student survey				
Four-year college/university	51	52	52	59
Two-year college	33	34	32	26
Vocational/technical college	4	4	9	5
Employment	5	4	4	3
Military	3	3	3	2
No response/undecided	4	3	—	5
	100 %	100 %	100 %	100 %

N/A – Not Available

- (1) Percent of students scoring at or above proficiency on the Minnesota Comprehensive Assessment (MCA) Test.
- (2) MCA reading and math testing was not completed in 2020, due to the COVID-19 pandemic.

Source: State graduation rate obtained from the Minnesota Department of Education

2018	2019	2020 (2)	2021	2022	2023
47 %	46 %	N/A %	34 %	37 %	33 %
66	59	N/A	55	53	52
60	54	N/A	36	46	40
58	66	N/A	53	50	42
55	53	N/A	39	50	49
50	44	N/A	36	32	52
48	51	N/A	22	24	25
41	42	N/A	29	24	23
21.4	20.0	20.5	19.1	18.9	18.5
88	89	90	87	89	91
83	84	N/A	84	83	84
59	51	49	59	56	55
28	20	–	–	–	–
4	18	38	30	34	32
5	7	9	4	6	9
4	4	2	7	4	4
–	–	2	–	–	–
100 %	100 %	100 %	100 %	100 %	100 %

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INDEPENDENT SCHOOL DISTRICT NO. 199

School Facilities
as of June 30, 2023

<u>Facility</u>	<u>Year Constructed</u>	<u>Years of Additions</u>	<u>Grades Housed</u>	<u>Square Footage</u>
Simley High School	1971	1998 2016	9-12	220,728
Inver Grove Heights Middle School	1959	1962 1967 1980 1990 1997 2009	6-8	314,970
Hilltop Elementary School	1964	1968 2007 2014	K-5	92,793
Pine Bend Elementary School	1958	1960 1991 2009 2020	K-5	85,485
Salem Hills Elementary School	1953	1964 1986 1987 1988 2009 2014	K-5	56,206

Source: The District's Buildings and Grounds Department

INDEPENDENT SCHOOL DISTRICT NO. 199

Expenditures per Student (Average Daily Membership)
Last Ten Fiscal Years

	Fiscal Year			
	2014	2015	2016	2017
Administration	\$ 443	\$ 421	\$ 427	\$ 451
District support services	353	403	567	694
Elementary and secondary regular instruction	4,453	4,579	4,746	5,038
Vocational education instruction	55	48	60	62
Special education instruction	1,852	1,966	2,105	2,128
Instructional support services	798	780	725	704
Pupil support services	996	1,058	1,028	1,133
Sites and buildings	2,041	1,703	1,375	1,562
Fiscal and other fixed cost programs	32	33	27	36
Food service	452	478	484	527
Community service	563	567	550	558
Capital outlay	851	3,696	1,570	446
Debt service	1,245	1,927	1,690	1,629
Total expenditures	<u>\$ 14,133</u>	<u>\$ 17,658</u>	<u>\$ 15,355</u>	<u>\$ 14,969</u>
Average daily membership	<u>3,855</u>	<u>3,816</u>	<u>3,811</u>	<u>3,618</u>

Note: Includes all governmental fund expenditures.

Source: Average daily membership (ADM) – the District’s ADM Summary Report from the Minnesota Department of Education

	2018	2019	2020	2021	2022	2023
\$	493	\$ 499	\$ 522	\$ 550	\$ 561	\$ 587
	708	698	578	930	708	794
	5,185	5,666	5,750	5,859	6,274	6,020
	62	65	68	70	108	88
	2,049	2,241	2,408	2,567	2,719	2,719
	691	780	771	790	1,003	1,032
	1,147	1,201	1,279	1,412	1,769	2,118
	1,428	1,532	1,470	1,670	1,681	1,554
	158	40	42	51	61	71
	565	600	653	515	680	747
	569	679	622	640	637	630
	16	95	994	98	30	280
	<u>1,456</u>	<u>1,539</u>	<u>1,640</u>	<u>1,711</u>	<u>1,784</u>	<u>1,763</u>
\$	<u>14,527</u>	<u>\$ 15,636</u>	<u>\$ 16,796</u>	<u>\$ 16,863</u>	<u>\$ 18,014</u>	<u>\$ 18,404</u>
	<u>3,640</u>	<u>3,583</u>	<u>3,565</u>	<u>3,400</u>	<u>3,407</u>	<u>3,398</u>

INDEPENDENT SCHOOL DISTRICT NO. 199

Demographic Statistics – Student Enrollment
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM) (for Students Served and Tuition Paid)					Total Pupil Units
	Handicapped and Pre-Kindergarten	Kindergarten	Elementary	Secondary	Total	
2014	76.42	281.67	1,747.31	1,749.87	3,855.27	4,431.85
2015	67.45	255.62	1,765.45	1,727.34	3,815.86	4,161.27
2016	70.16	221.20	1,751.83	1,767.94	3,811.13	4,164.70
2017	67.85	216.77	1,595.67	1,737.87	3,618.16	3,965.72
2018	92.07	210.35	1,608.42	1,729.18	3,640.02	3,985.85
2019	106.28	225.19	1,546.78	1,704.95	3,583.20	3,924.19
2020	102.47	189.54	1,576.47	1,696.97	3,565.45	3,904.84
2021	87.32	179.30	1,452.93	1,680.78	3,400.33	3,736.49
2022	89.77	175.36	1,451.88	1,689.99	3,407.00	3,745.01
2023	84.39	200.44	1,471.38	1,641.82	3,398.03	3,726.40

Note 1: Enrollment information from the District’s ADM Summary Report by the Minnesota Department of Education. ADM is estimated for the most recent year.

Note 2: ADM is weighted as follows in computing pupil units:

	Pre-Kindergarten	Handicapped Kindergarten	Part-Time/All-Day Kindergarten	Elementary 1–3	Elementary 4–6	Secondary
Fiscal 2014	1.250	1.000	0.612	1.115	1.060	1.300
Fiscal 2015 through 2023	1.000	1.000	0.550/1.000	1.000	1.000	1.200

INDEPENDENT SCHOOL DISTRICT NO. 199

Food Service Meals Served and Pricing
Last Ten Fiscal Years

Year Ended June 30,	Lunches Served to Students				Lunches Served to Adults
	Regular Priced Lunches	Reduced-Priced Lunches	Free Lunches	Total	
2014	229,536	31,177	163,363	424,076	2,417
2015	228,568	37,900	179,216	445,684	1,780
2016	206,888	39,883	185,272	432,043	2,630
2017	195,639	41,315	171,874	408,828	2,735
2018	185,052	44,921	162,082	392,055	2,474
2019	191,582	44,785	146,397	382,764	2,695
2020	132,690	44,880	174,453	352,023	2,463
2021	—	—	221,903	221,903	1,284
2022	—	—	150,451	150,451	3,658
2023	159,052	36,201	176,169	371,422	2,904

Year Ended June 30,	Student Regular Lunch Prices			
	Regular Priced Lunches		Reduced-Priced Lunches	Adult Lunches
	Elementary	Secondary		
2014	\$ 1.80	\$ 1.90/1.95	\$ 0.40	\$ 3.35
2015	1.80	1.90/1.95	— *	3.40
2016	1.80	1.90/1.95	— *	3.50
2017	1.80	1.90/1.95	— *	3.60
2018	1.90	2.00/2.05	— *	3.70
2019	2.00	2.10/2.15	— *	3.80
2020	2.00	2.20/2.20	— *	3.80
2021	2.10	2.30/2.30	— *	3.90
2022	2.10	2.30/2.30	— *	4.00
2023	2.40	2.60	— *	5.00

Note: In 2021 and 2022, the District operated pandemic-related child nutrition programs that provided free federally-funded meals to all students.

* The state of Minnesota began reimbursing the District for this amount in 2015; therefore, the District did not charge families.

Source: The District's Food Service Department

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