

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FISCAL YEAR ENDED**

**JUNE 30, 2023**

Owatonna Public Schools  
Independent School District No. 761  
515 West Bridge Street  
Owatonna, MN 55060

**OWATONNA**  
PUBLIC SCHOOLS  
INSPIRING EXCELLENCE • EVERY LEARNER • EVERY DAY

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
OWATONNA, MINNESOTA**

**YEAR ENDED JUNE 30, 2023**

**PREPARED BY:  
DISTRICT BUSINESS OFFICE**

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INDEPENDENT SCHOOL DISTRICT NO. 761  
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## **INTRODUCTORY SECTION**

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
BOARD OF EDUCATION AND ADMINISTRATION  
JUNE 30, 2023**

**BOARD OF EDUCATION**

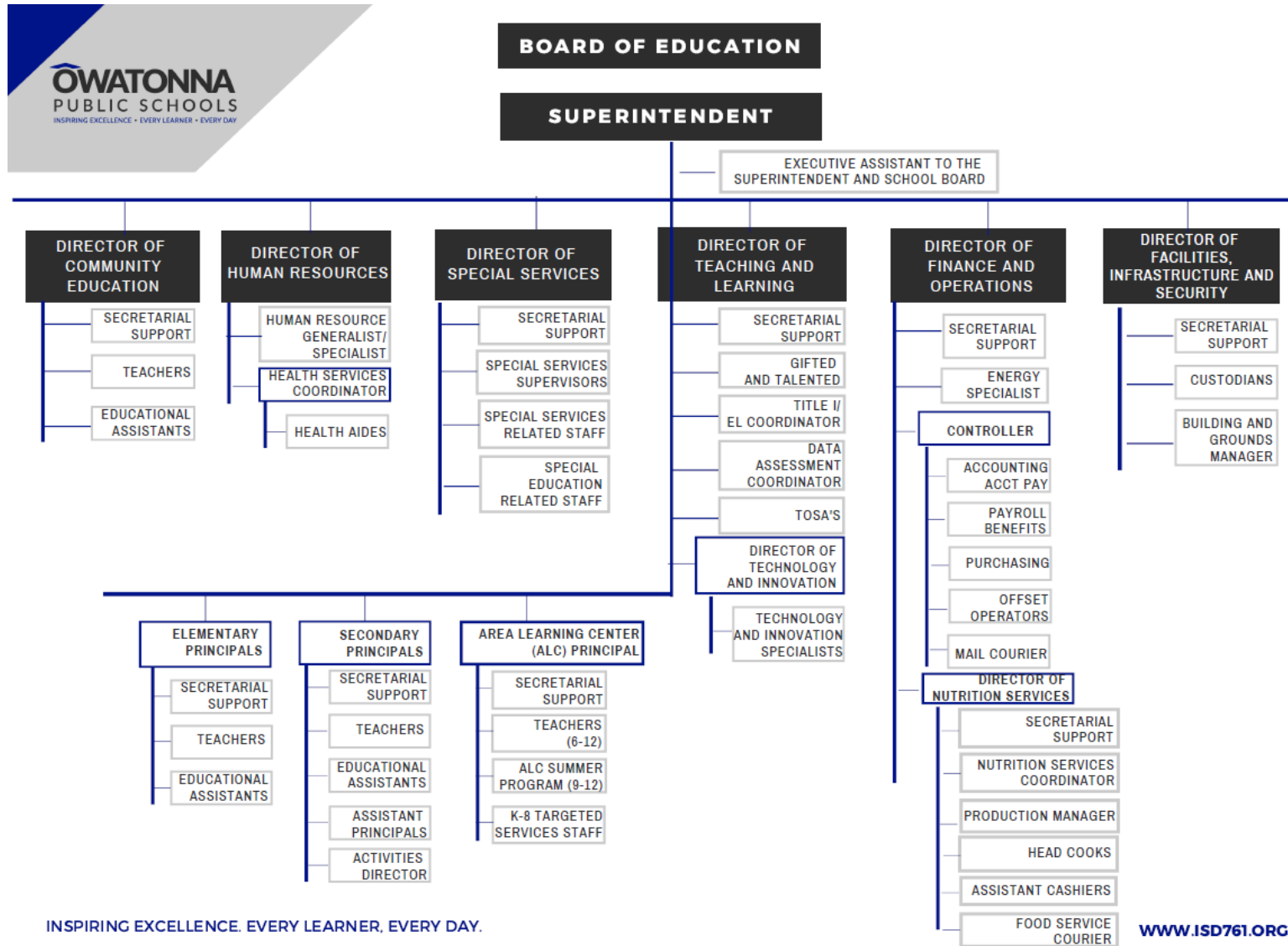
Mark Sebring	Chair
Lori Weisenburger	Vice Chair
Jolayne Mohs	Treasurer
Eric Schuster	Clerk
Deborah Bandel	Director
Elizabeth Hedlund	Director
Timothy Jensen	Director

**ADMINISTRATION**

Jeff Elstad	Superintendent
Lori Volz	Director of Finance and Operations
Sarah Cramblit	Controller



**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
ORGANIZATIONAL CHART  
JUNE 30, 2023**





December 1, 2023

**To: The School Board, Citizens, and Employees of Owatonna Public Schools**

### **Introduction**

We respectfully submit the Annual Comprehensive Financial Report of Independent School District No. 761, Owatonna, Minnesota, for the fiscal year ended June 30, 2023. Responsibility for the entire financial report rests with District management. The report contains all of the funds and government-wide statements of the District in conformity with auditing standards generally accepted in the United States of America for defining the reporting entity. The organization, form, and content of this report were prepared in accordance with standards prescribed by the Governmental Accounting Standards Board (GASB), the Association of School Business Officials International, the American Institute of Certified Public Accountants, and the Minnesota Department of Education. The District's annual financial reports are prepared according to School Board policy and Minnesota State Statutes.

This Annual Comprehensive Financial Report is presented in three sections: introductory, financial, and statistical. The introductory section includes a list of the Board of Education and central administrators, organizational chart, this transmittal letter, and a copy of the Certificate of Excellence in Financial Reporting for fiscal year ended June 30, 2023. The financial section includes the Independent Auditor's Report, Management's Discussion and Analysis, basic financial statements, required supplementary information, and supplementary information. The statistical section includes selected financial and general information presented on a multi-year comparative basis.

Management's Discussion and Analysis (MD&A) and the Notes to the Basic Financial Statements are provided in the financial section and are considered essential for fair presentation and adequate disclosure in the financial statements. The MD&A provides additional financial information, which is important to the reader's understanding of this report. The MD&A discusses the financial condition of the District at fiscal year-end in a narrative and graphic format. The notes include a summary of significant accounting policies for the District and other disclosures relating to the financial position of the District.

District management is responsible for the integrity of the financial data presented. We believe all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial activity have been included. The District's accounting system and budgetary control records are maintained on the accrual basis. Revenues are recognized when earned. Expenditures are recognized when a liability is incurred. Capital assets are recorded at cost and depreciated over their estimated useful lives on the Statement of Net Position and the Statement of Activities found in the financial section.

## **Reporting Entity and Its Services**

Independent School District No. 761, also known as the Owatonna Public Schools, is an instrumentality of the State of Minnesota established to function as an educational institution. The District is an independent entity governed by an elected seven-member School Board. The School Board receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. The School Board has the power and duty to set budgets, certify tax levies, issue debt, and perform other tasks necessary to the operation of the District. The District is subject to the oversight of the Minnesota Department of Education. The District does not have any component units.

The District is a public educational system serving a 233 square mile area located in south central Minnesota. District boundaries encompass geographic portions of Steele and Waseca Counties, including the City of Owatonna, Minnesota. The District population is 30,125. The adjusted net tax capacity as defined by the Minnesota Department of Revenue for the 2022 valuation year was \$46,046,705 or a 19.0% increase over 2021.

District facilities currently include four elementary schools, a middle school, a senior high school, a community education building, a combination early childhood center and area learning center, a district administration center, two storage facilities, and a combined printing and storage facility. The average age of these buildings is 38.95 years. The District opened a new senior high school in fall 2023. The previously existing senior high school will be partially demolished and partially remodeled into a central district office.

The District provides a full range of public education services appropriate to our students in grade levels ranging from pre-kindergarten through grade 12. These include regular and enriched academic education, special education, and vocational education. Food service and transportation are provided as supporting programs. The District's community education program includes Early Childhood and Family Education, Adult Basic Education, School Readiness, and a variety of classes for lifelong learning experience for children and adult.

## **Economic Condition and Outlook**

The District is dependent on the State of Minnesota for the majority of its revenue. In the opinion of the Board, legislated revenues make it difficult to meet the demands posed by a quality education system. As a result, the District has relied on property tax referenda to support its educational programs.

For fiscal year 2024, the State of Minnesota did increase the general education aid for school districts by 4%. With this change, the state increased the basic formula amount to \$7,138. The consumer price index during the past five years has been running at 3.8%, and the basic formula allotment (at \$6,863 per pupil unit for fiscal year 2023) has increased on average 2.1% per year. The District is anticipating expenditures to exceed revenues by \$2,705,041 in fiscal year 2024, as approved in the budget legally enacted by the School Board. This net decrease is entirely due to long-term facility funds to be used to fund a portion of the renovation of the old senior high school. This will bring the total general fund balance to 17.36%.

The fiscal year 2024 District budget is dependent on \$45.7 million in state general education aid. Approximately 95% of this revenue is derived from the basic per pupil allotment of \$7,138.

Total enrollment for the 2022-23 school year was 4,826. This represents a decrease of 54 students from the previous year. Enrollment is projected to be 4,861 for the 2023-24 school year. Kindergarten birth rates continue to decline in Steele County.

As is the case almost everywhere, the economy in Minnesota, and Steele County in particular, is struggling due to the COVID-19 pandemic. However, the housing market seems to be strong at this time with residential property values increasing. Commercial property growth is also strong in Steele County due to new businesses coming to the community. The local insurance and manufacturing industries have remained strong. The local unemployment rate is 2.8%, less than the state average of 3.1%.

## MISSION

**Inspiring Excellence.  
Every Learner, Every Day.**

## VISION

Owatonna Public Schools inspires a community of learners with equitable access to high quality, innovative learning opportunities ensuring all students are college, career and life ready.

## CORE VALUES

- Build and nurture relationships
- Develop and maintain a growth mindset
- Challenge the status quo

# OWATONNA PUBLIC SCHOOLS STRATEGIC DIRECTIONS

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**21st  
CENTURY  
LEARNERS**



**SAFE  
AND  
CARING  
COMMUNITY**



**EQUITY**



**HIGH  
QUALITY  
TEACHING  
AND  
LEARNING**

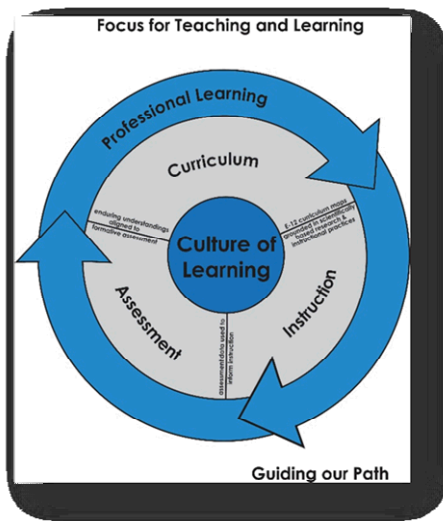
The Owatonna Public Schools World’s Best Workforce Plan aligns the state requirements to current district initiatives including: four core commitments, district literacy plan, Title I, II, III plans and ADSIS funding and provides stakeholders updates in curriculum, instruction, and student achievement within the district. Our vision is to inspire a community of learners with equitable access to high quality, innovative learning opportunities ensuring all students are college, career and life ready.

<b>Goals outlined in the WBWF</b>	
<b>PERFORMANCE MEASURE 1:</b>	<b>ALL CHILDREN ARE READY FOR SCHOOL</b>
<p>The Owatonna Public Schools offer school readiness programs that follow state standards for early learning. The school readiness programs focus on early literacy development, which leads to reading well by third grade. Research has shown education begins long before a child reaches kindergarten. The district’s investment in its early learning program creates an environment of success for each of our early learners, closes the achievement gap, and prepares children for continued success.</p> <p>OPS conducts individual kindergarten interviews in the spring to assess the needs of the students entering kindergarten in the fall. Interview data is then used to determine which students are eligible for kindergarten camp. Kindergarten camp is a four-week summer program which is offered to students identified as needing additional support on the core kindergarten readiness skills.</p>	
<b>PERFORMANCE MEASURE 2:</b>	<b>ALL THIRD GRADERS CAN READ AT GRADE LEVEL</b>
<p>The OPS believe that literacy is the cornerstone of all learning. Supporting the development of capable readers and writers at every level is our goal as educators, parents, and as a community. The first step toward equipping students with the necessary prerequisite skills begins early in their education with a comprehensive, evidence-based literacy program and quality instruction. To meet the challenges of teaching literacy in the 21st century, we implement a balanced literacy framework. The framework outlines the “core” elements of literacy instruction. Our literacy educators implement a coherent set of practices in whole class, small group, and individual contexts.</p>	
<b>PERFORMANCE MEASURE 3:</b>	<b>CLOSE ACHIEVEMENT GAPS AMONG ALL STUDENT GROUPS</b>
<p>The achievement gap refers to the differences in academic performance between groups of students. Closing gaps in achievement and ensuring all students are performing at high levels are critical to the social and economic well-being of our state and community.</p> <p>OPS monitors the achievement gap for seven subgroups defined by differences in race/ethnicity, economic status, and special population: Asian, Hispanic, Black, Free/Reduced Price Lunch, Special Education, and English Learner. In an effort to close the achievement gap, we are committed to providing equitable access to high quality, innovative learning opportunities ensuring all students are college, career and life ready.</p>	
<b>PERFORMANCE MEASURE 4:</b>	<b>ALL STUDENTS ARE READY FOR CAREER AND COLLEGE</b>
<p>All students entering grade nine will have a career and college readiness plan in accordance to MN State 120B.125. This plan is centered around seven key elements: academic scheduling, career exploration, 21<sup>st</sup> Century Skills, community partnerships, college access, all forms of postsecondary training, and experiential learning opportunities. Owatonna Public Schools is producing prepared graduates using:</p> <ul style="list-style-type: none"> <li>• An academic rigorous diploma that exceeds the State of Minnesota minimum requirements.</li> <li>• Post-secondary options through Advanced Placement (AP) courses and College in the Schools (CIS).</li> <li>• All 8th grade students participate in a College and Career Readiness Course</li> <li>• Accessible counseling and other supports that prepare students for post-secondary education and careers using Options Mentorship, Business Internships, Career Exploration, Life on Your Own, Career Mentorship, and a Career Center with licensed school guidance counselors.</li> <li>• Accountability and progress monitoring efforts to ensure all kids are making adequate progress to meet state and local graduation requirements through local assessments, ACT college entrance exam, and academic planning and registration conferences.</li> </ul>	
<b>PERFORMANCE MEASURE 5:</b>	<b>ALL STUDENTS GRADUATE FROM HIGH SCHOOL</b>
<p>The Owatonna Public Schools graduation rate represents Owatonna High School and the Area Learning Center. We use AYP 4-year graduation rates reported on the MDE Report Card in the Spring for the previous year, therefore results lag one year.</p>	

## Improving Instruction, Curriculum, & Student Achievement

The end in mind for curriculum and instruction is to develop a collaborative culture where all staff have the tools and resources to address the four critical questions of learning, as introduced by the DuFour model.

The teaching and learning framework was created based on research and best practice to guide the improvement process in our District. Development and implementation of a guaranteed and viable curriculum, common assessments and professional learning will allow all staff to make our framework for a systematic approach to teaching and learning actionable. Professional Learning Communities (PLCs) focused on student learning and growth have been implemented throughout our District E-12. This has required extensive work on systems and structures that support collaboration as well as to hold ourselves collectively accountable for results.



### Teaching and Learning Framework

**Curriculum** must be based on state standards, aligning grade levels and courses vertically and horizontally, be clearly understood and effectively implemented by all instruction staff.

**Assessment** must be purposeful, measure progress toward standards both during learning and after learning, guide instruction and be used to evaluate curriculum.

**Instruction** must be directly connected to standards, aligned to research-based best practices, engage students in learning, be differentiated to reach all students, and be informed by formative assessments.

**Professional Learning** must be ongoing and job-embedded, be based on best practices, standards, and data trends to support teachers in ensuring the intended curriculum is the implemented curriculum.

### **Teaching and Learning**

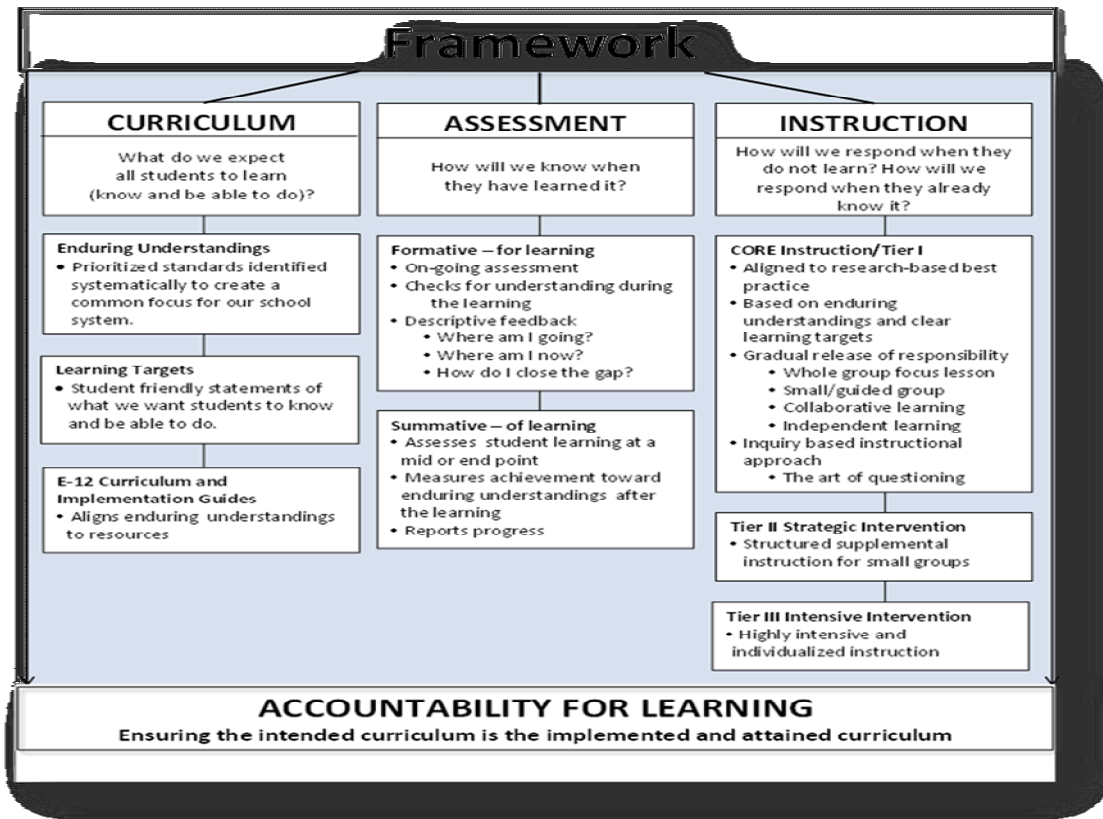
This graphic represents the system we use to create a guaranteed and viable curriculum that ensures all students will learn at high levels. Last year the emphasis was on development of common assessment in order to establish a consistent foundation.

Our work has been aligned to allow us to answer DuFours' four critical questions of learning –

1. What do we want all students to learn – to know and be able to do?
2. How will we know when they have learned it?
3. How will we respond if they did not learn it?
4. How will we respond if they already know it?

## A Systematic Approach to Teaching and Learning

This framework guides the implementation of our guaranteed and viable curriculum while providing direction for consistent application of our beliefs.

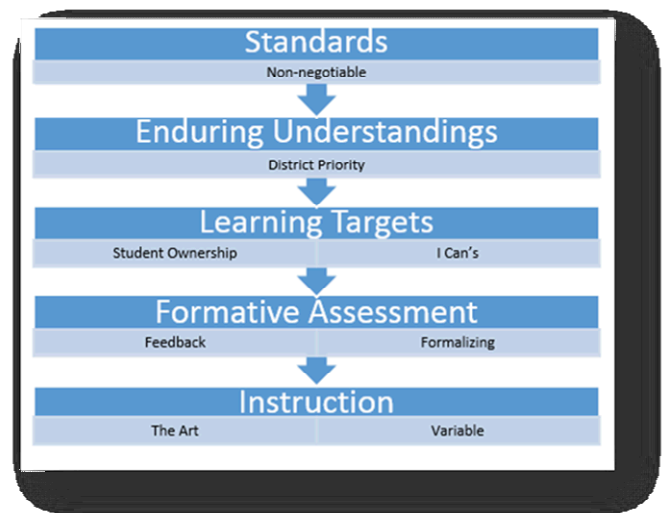


### Development Process

This systematic approach to curriculum development has been used by all curricular areas. District resources have been prioritized to support this effort. Departments and grade level teams worked together to implement enduring understandings and learning targets for all required courses and selected electives. This aligned our work when answering the first question, what all students must know and be able to do.

Development and use of common assessments allowed teachers to begin answering question 2, how will we know if all students have learned?

Elementary teachers continued to focus on literacy instruction, emphasizing how to use a balanced literacy or gradual release of responsibility structure. This supported us in beginning to answer question 3 and 4, how will we respond when students do not learn or when they already know it?







## **TECHNOLOGY**

Owatonna Public School's success with technology over the years can largely be attributed to the district's commitment to maintaining a four-year Life Cycle Management (LCM) plan. In short, this LCM plan is the replacement of approximately 25% of our computer inventory every year. This ensures that our hardware remains current and can be depended on. It is imperative that we budget for the cost of this LCM plan in the future to ensure students, faculty, and staff have access to the technology necessary to succeed.

### **Increase/Improve Technology Access**

With increased school-owned and personal devices, along with increased audio/video streaming and collaboration, we've increased our internet bandwidth speed to 5GB for both uploads and downloads to keep up with the needs of our students, staff, and community. This increase allows for faster and more consistent results when accessing such internet content.

### **Delivery of Ongoing Professional Development**

Over the course of the calendar year, personnel new to the District receive the appropriate technology training for their position during an orientation period. At the beginning of each school year, the District conducts a technology training session during "new teacher workshop" for all new instructional personnel. There are also several opportunities for technology training throughout the school year and summer.

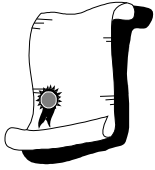
When introducing new software applications, the District will typically utilize the expertise of the software vendor to assist with the training program within the District. This then moves to a "train the trainer" model in order to create a sustainability system throughout the District.

The Technology & Innovation department is responsible for providing training and support for hardware and software applications utilized in the district.

### **Technology Support Staff**

Our support staff consists of (1) Director of Technology & Innovation, (2) TI Specialist II District Wide, (4) TI Specialist I positions, and (1) Student Management Systems Specialist that take care of eleven sites which consists of 5,900 users, 4,700 desktops/laptops/Chromebooks, 220 Smartboards, 850 iPads, 100 documents cameras, plus many other additional peripherals.

TI support personnel pride themselves on meeting their goal of taking care of all technical issues the same day they are reported. If the issue is reported before noon, the support personnel will try to resolve the same day. If the issue is reported after noon, the support personnel will try to resolve the next business day.



## **SPECIAL SERVICES**

The Special Services department provides instruction and support services to students who have unique needs. Special Education, Title I, and English Language Learner are all included in this department. Special Education programs educate eligible students in the setting that is the least restrictive to meeting their identified specialized needs. The students receive educational and related services in the appropriate setting, whether it be the classroom or the Learning Center. Title I is a federally funded Special Services program that provides instructional help for qualifying students who need additional instructional support in reading and math. Title I services are provided by licensed teachers and educational assistants. English Language Learner is a program that assists students who are not native speakers of English. Programs are available at buildings throughout the District.

### **Internal and Budgetary Controls**

The District maintains a system of internal controls designed to safeguard the assets of the District. Also, there are budgetary controls in place that help prevent expenditures from going beyond those that are planned. The preliminary budget is adopted in June, and this budget is revised at least once during the fiscal year.

### **Debt Administration**

The primary component of long-term debt on June 30, 2023 is outstanding bonds on school district facilities in the amount of \$158,825,000. The balance consists of three general obligation school building bonds. These bonds have varying maturity dates with the latest maturity date being in fiscal year 2045. The bond issues in December 2015 and February 2016 were used to address deferred maintenance, security, and elementary crowding. The bond issue in March 2020 is being used to construct a new high school and renovate the old high school building.

The District has lease liabilities relating to copiers in 2023. The balance on the lease liabilities totaled \$74,023 on June 30, 2023.

The Debt Service Fund is used to account for the current year payment of principal and interest on District bonded debt. The District is authorized to levy 105% of the amount needed to make timely debt service payments. That degree of levy authority has provided excess reserves in this fund that continue to be systematically depleted by levying less.

**Independent Audit**

District policy requires that an annual audit be completed on the financial statements of the District by an independent public accounting firm. This requirement has been complied with and the opinion of CliftonLarsonAllen is included in this report. The financial statements are the responsibility of the District's management. The auditor's responsibility is to express an opinion on those financial statements based on their audit.

**Other Information**

The Association of School Business Officials International (ASBO) awarded the Certificate of Excellence in Financial Reporting to Independent School District No. 761 for its Annual Comprehensive Financial Report for the fiscal years ended June 30 of 1992 through 1995 and 1997 through 2022. The District has received the award for 30 years. In order to be awarded a Certificate of Excellence in Financial Reporting by ASBO, a governmental unit must publish an easily readable and efficiently organized annual comprehensive financial report, which conforms to the program standard. Such reports must satisfy both auditing standards generally accepted in the United States of America and applicable legal requirements. A Certificate of Excellence is valid for a period of one year. We believe our current report conforms to the Certificate of Excellence in Financial Reporting program requirements. We will be submitting this year's report to ASBO to determine eligibility for the certificate.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the District's business office staff.

We would like to express our appreciation to the School Board for their interest and support in planning and conducting the financial operations of the District in a responsible and progressive manner.

Respectfully submitted,



Lori Volz  
Director of Finance and Operations



Sarah Cramblit  
Controller

OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
FISCAL YEAR 2022 CERTIFICATE OF EXCELLENCE  
JUNE 30, 2023



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

The Certificate of Excellence in Financial Reporting  
is presented to

**Owatonna Public Schools ISD 761**

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, appearing to read 'John W. Hutchison'. The signature is written in a cursive style.

John W. Hutchison  
President

A handwritten signature in black ink, appearing to read 'Slobhán McMahon'. The signature is written in a cursive style.

Slobhán McMahon, CAE  
Chief Operations Officer/  
Interim Executive Director

## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

Board of Education  
Independent School District No. 761  
Owatonna, 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. 761, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Independent School District No. 761's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 761, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Independent School District No. 761 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 Independent School District No. 761's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Independent School District No. 761'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 Independent School District No. 761's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in the District's Total OPEB Liability and Related Ratios, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of the District's Contributions, and Schedule of Changes in the District's Total Pension Liability and Related Ratios – Supplemental Pension Plan be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Independent School District No. 761's basic financial statements. The individual fund financial statements and the Uniform Financial Accounting and Reporting Standards Compliance Table are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the individual fund financial statements and the Uniform Financial Accounting and Reporting Standards Compliance Table 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 auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

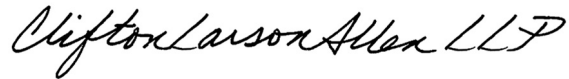


**Report on Summarized Comparative Information**

We have previously audited Independent School District No. 761'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 November 22, 2022. In our opinion, the summarized 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated **December 5, 2023** December 1, 2023, on our consideration of Independent School District No. 761's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Independent School District No. 761'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 Independent School District No. 761's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
December 1, 2023

## **REQUIRED SUPPLEMENTARY INFORMATION**

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

This section of Owatonna Independent School District No. 761's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

The Management's Discussion and Analysis (MD&A) is required supplementary information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2022-23) and the prior year (2021-22) is presented in the MD&A.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2022-23 fiscal year include the following:

- Net position increased by \$18,328,471 from the prior year. A large portion of the increase in net position was due to an increase in fund balance in the General Fund of \$2,530,358 as well as the net effect of the government-wide conversion entries related to capital assets, debt, pensions, and OPEB.
- In the statement of activities, overall revenues were \$86,255,530, while overall expenses totaled \$67,927,059.
- The General Fund balance increased by \$2,530,358, the Food Service Fund balance increased by \$80,869, and the Community Service Fund balance increased by \$168,004.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

- Proprietary funds statements provide short-term and long-term financial information about the activities the District operates similar to a business.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1  
Organization of Owatonna Public Schools Annual Financial Report**

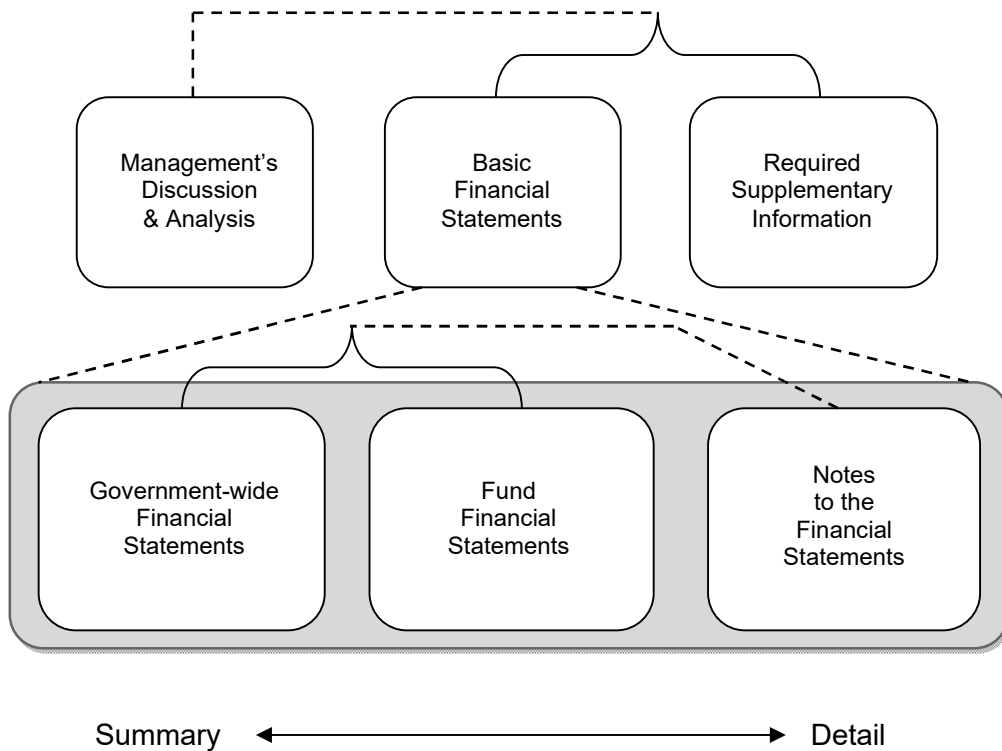


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis highlights the structure and content of each of the statements.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

<b>Figure A-2 Major Features of the Government-Wide and Fund Financial Statements</b>				
	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Custodial Funds
Scope	Entire District (except fiduciary funds).	The activities of the District that are not proprietary or fiduciary, such as special education, building and maintenance, food service, and community education.	Activities the District operates similar to a private business; Internal Service Fund.	Instances in which the District administers resources on behalf of someone else, such as the District's museum.
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses, and changes in fund net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
Type of asset/liability information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources both financial and capital, short-term and long-term.	Generally assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities are included.	All assets, deferred outflows of resources, liabilities and deferred inflows of resources both financial and capital, and short-term and long-term.	All assets and deferred outflows of resources, liabilities, and deferred inflows of resources both short-term and long-term; funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and deductions during the year, regardless of when cash is received or paid.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**GOVERNMENT-WIDE STATEMENTS**

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

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

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

In the government-wide financial statements the District's activities are shown in one category.

- Governmental activities – Includes most of the District's basic services, such as regular instruction, special education, transportation, administration, food services, and community education. Property taxes and state aids finance most of these activities.

**FUND FINANCIAL STATEMENTS**

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (e.g., repaying its long-term debt).

The District has three kinds of funds:

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

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**FUND FINANCIAL STATEMENTS (CONTINUED)**

- **Proprietary Funds** – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.
- The District uses proprietary funds to report activities that provide supplies and services for the District's other programs and activities. The District currently has two proprietary funds (combined for financial statement presentation), an internal service fund for self-insured health benefits, and an internal service fund for actively self-insured dental benefits.
- **Custodial Funds** – The District is the trustee, or fiduciary, for assets that belong to others, such as the museum custodial fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Position.** The District's combined net position from Governmental activities was \$30,558,447 on June 30, 2023 (see Table A-1). This was an increase of \$18,328,471 from the prior year.

**Table A-1  
The District's Net Position**

	Governmental Activities as of June 30,		Percentage Change
	2023	2022	
Current and Other Assets	\$ 94,564,470	\$ 137,448,210	(31.20)%
Capital Assets	192,100,029	140,710,773	36.52
Total Assets	<u>286,664,499</u>	<u>278,158,983</u>	3.06
Deferred Outflows of Resources	16,236,430	17,022,931	(4.62)
Current Liabilities	21,418,302	17,091,370	25.32
Net Pension Liability	48,993,601	26,199,556	87.00
Long-Term Liabilities	171,658,296	177,196,416	(3.13)
Total Liabilities	<u>242,070,199</u>	<u>220,487,342</u>	9.79
Deferred Inflows of Resources	<u>30,272,283</u>	<u>62,464,596</u>	(51.54)
Net Position:			
Net Investment in Capital Assets	36,456,101	34,000,432	7.22
Restricted	35,039,606	32,323,584	8.40
Unrestricted	<u>(40,937,260)</u>	<u>(54,094,040)</u>	(24.32)
Total Net Position	<u>\$ 30,558,447</u>	<u>\$ 12,229,976</u>	149.87

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)**

**Change in Net Position.** The increase in net position was the result of the District's revenues being greater than expenses as presented in Table A-2 below.

**Table A-2  
Change in Net Position**

	Governmental Activities for the Fiscal Year Ended June 30,		Percentage Change
	2023	2022	
<b>Revenues</b>			
<u>Program Revenues</u>			
Charges for Services	\$ 2,806,205	\$ 2,112,161	32.86 %
Operating Grants and Contributions	23,928,812	26,417,203	(9.42)
Capital Grants and Contributions	2,026,129	2,039,598	(0.66)
<u>General Revenues</u>			
Property Taxes	17,071,799	17,465,770	(2.26)
Unrestricted State Aid	37,760,773	37,517,553	0.65
Earnings (Loss) on Investments	2,420,776	(229,449)	(1155.04)
Other	241,036	316,625	(23.87)
Total Revenues	<u>86,255,530</u>	<u>85,639,461</u>	0.72
<b>Expenses</b>			
Administration	1,871,908	2,088,421	(10.37)
District Support Services	3,029,792	2,677,421	13.16
Regular Instruction	24,406,252	31,384,959	(22.24)
Vocational Education Instruction	729,725	1,058,650	(31.07)
Special Education Instruction	11,243,145	13,217,915	(14.94)
Instructional Support Services	3,173,062	3,087,273	2.78
Pupil Support Services	6,058,590	5,270,182	14.96
Sites and Buildings	6,507,966	5,620,889	15.78
Fiscal and Other Fixed Cost Programs	248,015	232,132	6.84
Food Service	3,418,305	3,421,222	(0.09)
Community Service	3,208,318	3,446,605	(6.91)
Interest and Fiscal Charges on Long-Term Liabilities	4,031,981	3,633,975	10.95
Total Expenses	<u>67,927,059</u>	<u>75,139,644</u>	(9.60)
<b>Change in Net Position</b>	18,328,471	10,499,817	
Beginning Net Position	12,229,976	1,730,159	
Ending Net Position	<u>\$ 30,558,447</u>	<u>\$ 12,229,976</u>	

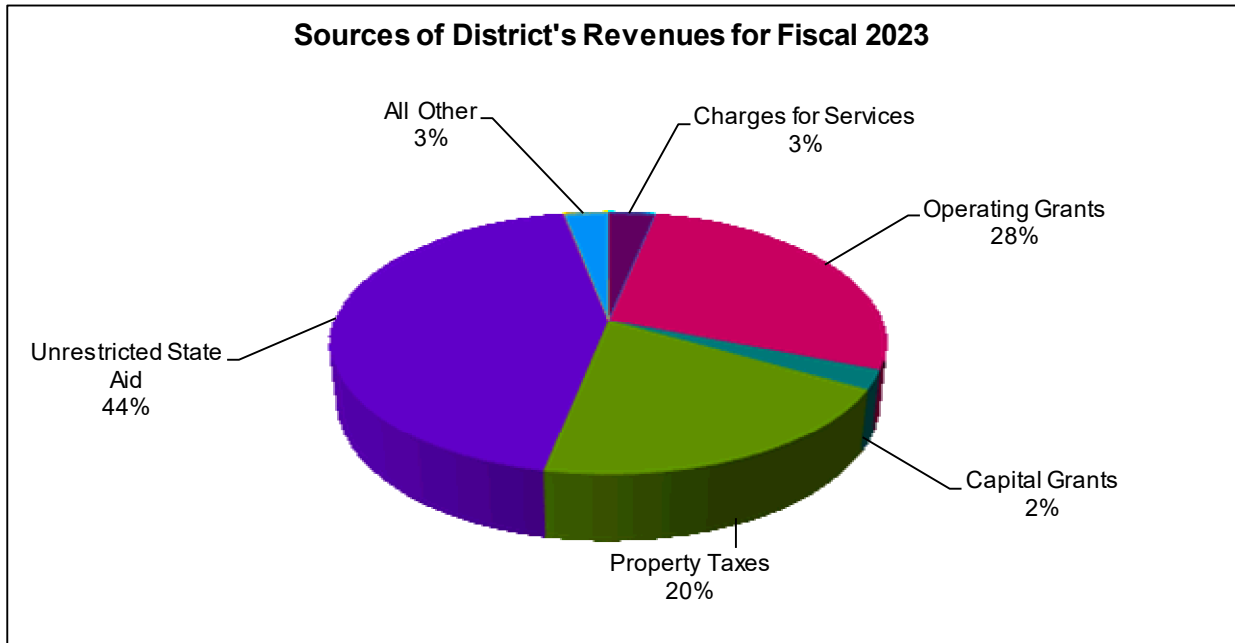


**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)**

The District's total revenues were \$86,255,530 for the year ended June 30, 2023. This is an increase of \$616,069 from June 30, 2022 (see Table A-2 on the previous page). The district saw a significant increase in interest revenue from 2021-22 as a result of the change in market conditions. Charges for services increased \$694,044 mainly due to a return to full pay school meals by families after the COVID-19 pandemic. Unrestricted state aid increased \$243,220 related to a statewide increase in the school building bond agriculture credit and an increase to the basic formula allowance for general education aid. These increases were partially offset by a decrease in operating grants and contributions of \$2,501,860 as the district spent its second allocation of federal ESSER funding in 2021-22 to stabilize operations. The third round of ESSER funding is planned to support district operations for both 2022-23 and 2023-24. See Figure A-3 below for the related percentages of the District's revenues.

**Figure A-3**



**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)**

The total cost of all programs and services was \$67,927,059. The District's expenses are predominantly related to educating and caring for students and community members (77%) as shown in Figure A-4. Administrative activities of the District accounted for 7% of total costs.

**Figure A-4**

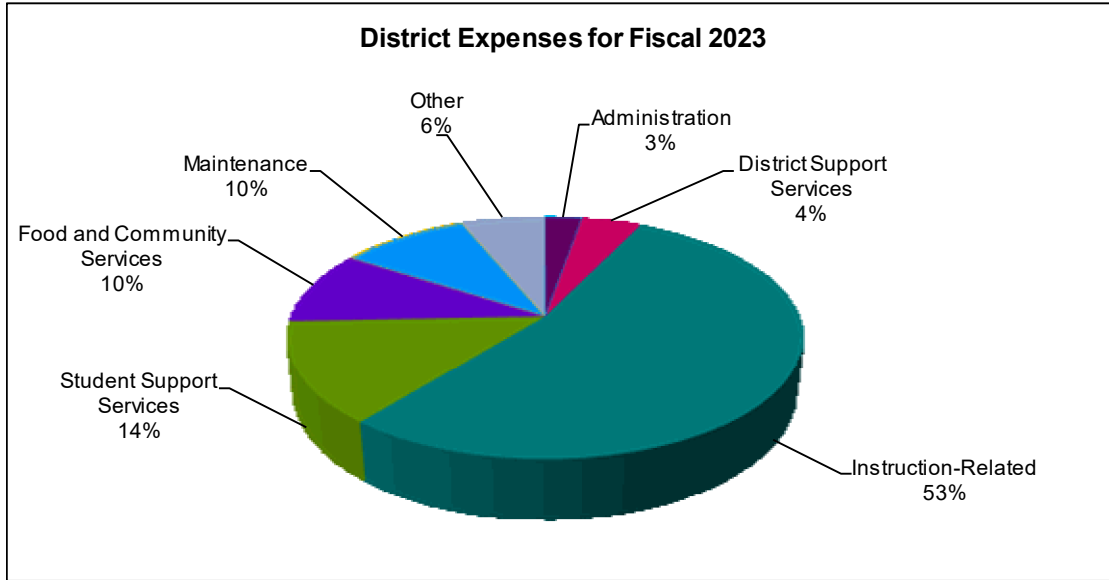


Table A-3 presents the cost of twelve major District activities such as instruction, pupil and instructional services, administration, maintenance and operations, and others. The table also shows each activity's net costs (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

- The cost of all governmental activities this year was \$67.9 million.
- Of this cost, \$2.8 million was paid by the users of the District's programs.
- Federal and state governments, along with local donations, subsidized certain programs with grants and contributions of \$26.0 million.
- District property taxpayers financed \$17.1 million.
- State taxpayers financed \$37.8 million in the form of unrestricted state aid based on the statewide education aid formula.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)**

**Table A-3  
Program Expenses and Net Cost of Services**

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2023	2022		2023	2022	
Administration	\$ 1,871,908	\$ 2,088,421	(10.37)%	\$ 1,869,585	\$ 2,074,027	(9.86)%
District Support Services	3,029,792	2,677,421	13.16	2,467,014	2,240,933	10.09
Regular Instruction	24,406,252	31,384,959	(22.24)	15,703,910	20,985,175	(25.17)
Vocational Education Instruction	729,725	1,058,650	(31.07)	717,673	1,024,010	(29.92)
Special Education Instruction	11,243,145	13,217,915	(14.94)	691,169	3,493,113	(80.21)
Instructional Support Services	3,173,062	3,087,273	2.78	2,460,446	2,329,280	5.63
Pupil Support Services	6,058,590	5,270,182	14.96	5,759,152	5,067,129	13.66
Sites and Buildings	6,507,966	5,620,889	15.78	5,263,393	4,161,055	26.49
Fiscal and Other Fixed Cost Programs	248,015	232,132	6.84	248,015	232,132	6.84
Food Service	3,418,305	3,421,222	(0.09)	(86,302)	(672,899)	(87.17)
Community Service	3,208,318	3,446,605	(6.91)	39,877	173,958	(77.08)
Interest and Fiscal Charges on Long-Term Liabilities	4,031,981	3,633,975	10.95	4,031,981	3,462,769	16.44
Total	<u>\$ 67,927,059</u>	<u>\$ 75,139,644</u>	(9.60)	<u>\$ 39,165,913</u>	<u>\$ 44,570,682</u>	(12.13)

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The financial performance of the District as a whole is reflected in its governmental funds. In the Food Service, Community Service and Debt Service funds revenues exceeded expenditures, thereby increasing the fund balance in these funds. The General Fund's revenues and other financing sources exceeded expenditures in the amount of \$2,530,358. In total, including the Capital Projects Fund, governmental funds decreased by \$49,749,502 with an ending total fund balance of \$54,693,406. The proprietary fund type had an increase of \$1,478,779, resulting in an ending balance of \$1,754,746.

**General Fund**

The General Fund is used to account for all revenues and expenditures of the school district not accounted for elsewhere. The General Fund is used to account for: K-12 educational activities, District instructional and student support programs, expenditures for the superintendent, District administration, normal operations and maintenance, pupil transportation, capital expenditures, and legal District expenditures not specifically designated to be accounted for in any other fund.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)**

**Enrollment**

Funding for Minnesota school districts is largely driven by enrollment. In 2022-23, the District saw a decrease of 1.1% in student enrollment from 2021-22. The District has seen an overall decrease in enrollment of 117 pupil units since 2019.

**Figure A-5**

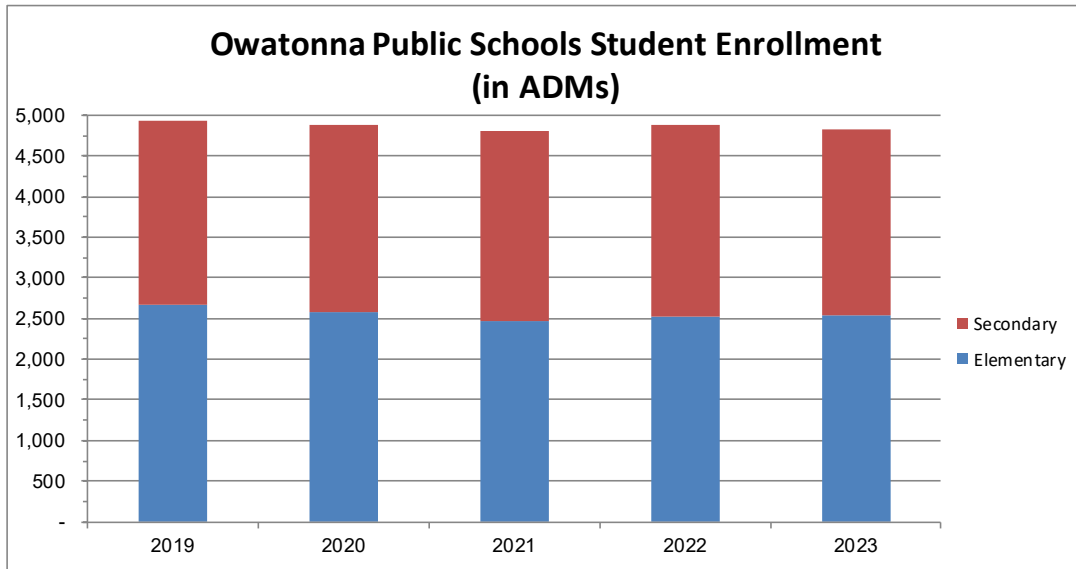


Table A-4 presents a summary of General Fund revenues.

**Table A-4  
General Fund Revenues**

	Year Ended		Change	
	June 30, 2023	June 30, 2022	Increase (Decrease)	Percent Change
Local Sources:				
Property Taxes	\$ 8,372,435	\$ 8,880,240	\$ (507,805)	(5.7)%
Earnings (Loss) on Investments	364,018	(41,064)	405,082	(986.5)
Other	1,881,848	2,144,730	(262,882)	(12.3)
State Sources	53,778,768	52,956,192	822,576	1.6
Federal Sources	4,165,382	4,997,071	(831,689)	(16.6)
Total General Fund Revenues	<u>\$ 68,562,451</u>	<u>\$ 68,937,169</u>	<u>\$ (374,718)</u>	<u>(0.5)</u>

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)**

Total General Fund revenues decreased \$374,718 or 0.5% from the previous year. Basic general education revenue is determined by a state per student funding formula. Other state-authorized revenue, including excess levy referenda, involves an equalized mix of property tax and state aid revenue. Therefore, the mix of property tax and state aid can change significantly from year-to-year without any net change on revenue. Taxes decreased due to an HVAC project levied under LTFM and completed in the 21-22 school year no longer included in tax revenue in 2022-23. State sources increased due to a basic formula increase of 2%. Federal sources decreased as the second round of Education Stabilization Fund federal grants received in response to the COVID-19 pandemic were used in 2021-22 to stabilize operations. The third round of ESSER funding is planned to support district operations for both 2022-23 and 2023-24. Interest earnings on investments also increased in 2022-23 as market conditions improved.

Table A-5 presents a summary of General Fund expenditures.

**Table A-5  
General Fund Expenditures**

	Year Ended		Change	
	June 30, 2023	June 30, 2022	Increase (Decrease)	Percent Change
Salaries	\$ 38,939,208	\$ 38,505,269	\$ 433,939	1.1 %
Employee Benefits	14,322,961	13,973,272	349,689	2.5
Purchased Services	8,737,874	7,792,322	945,552	12.1
Supplies and Materials	2,874,447	3,110,186	(235,739)	(7.6)
Capital Expenditures	955,704	1,788,968	(833,264)	(46.6)
Debt Service	120,465	66,605	53,860	80.9
Other Expenditures	270,254	290,338	(20,084)	(6.9)
Total General Fund Expenditures	\$ 66,220,913	\$ 65,526,960	\$ 693,953	1.1

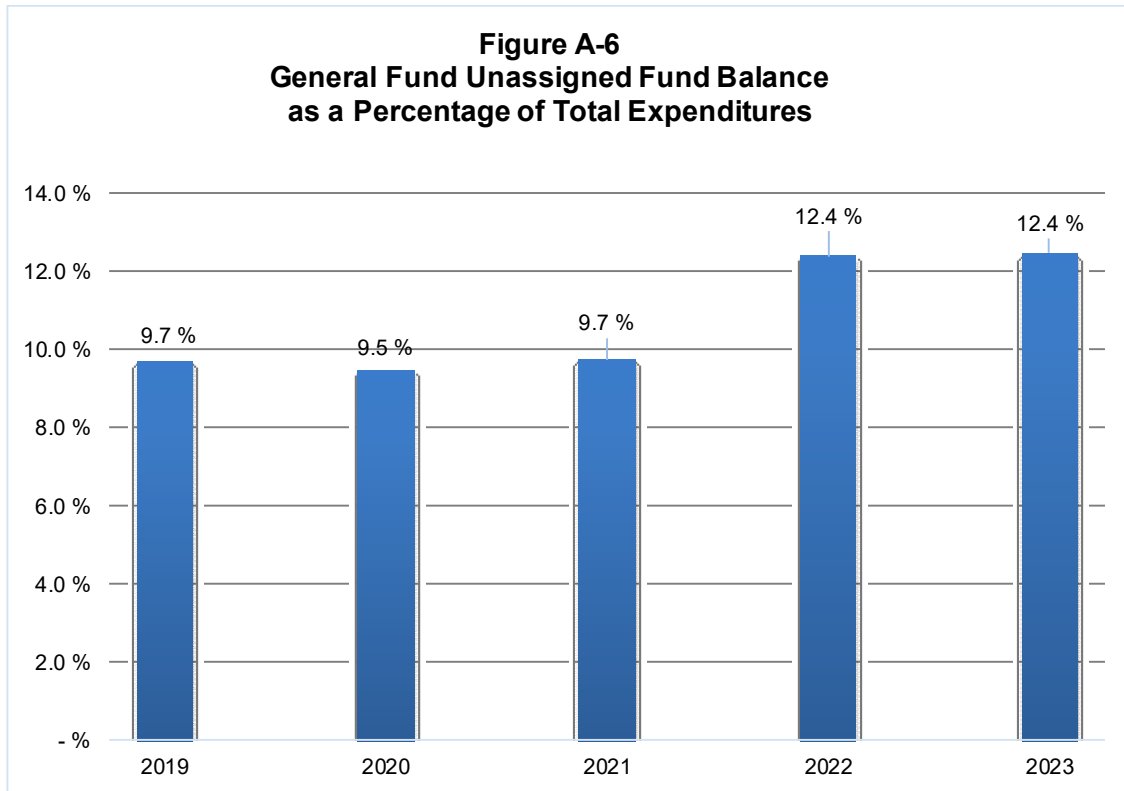
Total General Fund expenditures increased \$693,953 or 1.1% from the previous year. A large part of this is due to the \$945,552 increase in purchased services related to transportation contract increases and building projects completed in 2022-23 funded with Long-Term Facilities Maintenance dollars, such as flooring replacements, roof top unit repairs, and asbestos abatement. Additionally, salaries and employee benefits increased from the prior year in accordance with employee group contracts. Capital expenditures decreased \$833,264, partially offsetting the expenditure increases mentioned previously. Capital expenditures decreased due to HVAC projects completed at Lincoln, McKinley, and Washington the 2021-22 school year.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)**

In 2022-23, General Fund revenues and other financing sources exceeded expenditures by \$2,530,358, thereby increasing the total fund balance as of June 30, 2023. After deducting statutory restrictions, the unassigned fund balance increased from \$8,105,323 at June 30, 2022 to \$8,242,079 at June 30, 2023. The School Board committed \$500,000 of fund balance to support Career Pathways programming at the high school at June 30, 2023. Additionally, as of June 30, 2023, district administration assigned fund balance of \$500,000 to implement the READ Act legislation enacted in spring 2023, and assigned fund balance of \$192,308 related to changes in summer unemployment funding available to employees.

The School Board has adopted a fund balance policy to maintain an 8% to 10% fund balance in the unassigned category of fund balance in the General Fund. Figure A-6 shows the General Fund unassigned fund balance as a percentage of expenditures.



**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)**

**Table A-6  
General Fund Unassigned Fund Balance  
as a Percentage of Total Expenditures**

	2019	2020	2021	2022	2023
Unassigned Fund Balance	\$ 5,996,615	\$ 5,899,575	\$ 6,167,288	\$ 8,105,323	\$ 8,242,079
% Increase (Decrease)	(20.7)%	(1.6)%	4.5 %	31.4 %	1.7 %
Total Expenditures	\$ 61,858,074	\$ 62,336,934	\$ 63,440,784	\$ 65,526,960	\$ 66,220,913
% Increase	6.0 %	0.8 %	1.8 %	3.3 %	1.1 %
Unassigned Fund Balance as a % of Total Expenditures	9.7 %	9.5 %	9.7 %	12.4 %	12.4 %

The preceding table is the single best measure of overall financial health. The unassigned fund balance of \$8,242,079 at June 30, 2023 represents 12.5% of annual total expenditures. The \$8,242,079 represents about six weeks of average expenditures. The District closely monitors its fund balances.

**General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget. The budget amendments fall into two categories:

- Implementing budgets for specially funded projects which include both federal and state grants, reinstating prior year purchase orders being carried over, and budgeting for donations received.
- Increases in appropriations for unbudgeted revenues or expenditures.

See Note 1 E for a summary of the District's mid-year budget amendments that changed revenue and expenditure budgets between the original and amended budgets.

The District revised the preliminary revenue operating budget to increase budgeted revenues by \$1,875,462. Most of this budgeted revenue increase was necessary to recognize changes to the account coding for staff salaries and benefits to more effectively utilize state and federal grants available to the district.

The District also revised the preliminary expenditure operating budget to decrease budgeted expenditures by \$1,405,966. This budget adjustment was necessary to reflect actual operations and maintenance projects conducted in the 2022-23 fiscal year.

While the District's final budget for the General Fund anticipated a net increase in fund balance of \$1,700,394, the actual results for the year show a \$2,530,358 increase.

Actual revenues were \$177,395 less than expected. The largest impact came from less federal revenues than budgeted due to several federal special education grant opportunities being limited by state special education maintenance of effort spending requirements.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)**

**General Fund Budgetary Highlights Continued)**

Overall, the actual expenditures were \$828,539 under budget, which was only 1.23% of the total expenditure budget. Most of this related to, and was offset by, the federal special education grant funding that the district was unable to spend.

**Food Service Fund**

Ending fund balance of the Food Service Fund increased by \$80,869. An anticipated increase in the fund balance of \$74,128 was expected when the budget was prepared. Total revenues were under budget by \$83,705 due mainly to lower participation than expected in the Summer Food Service Program. Expenditures under budget are significantly related to budgeted staffing and capital outlay purchases that were not ultimately realized.

**Community Service Fund**

The nonspendable and restricted balances for Community Education, Early Childhood and Family Education, School Readiness, Adult Basic Education, and Other Purposes increased fund balance by \$168,004 from the prior year. The budgeted increase for the Community Service Fund was \$101,547. This anticipated increase is primarily related to tuition and fees received in excess of expenditures in general Community Education programming.

**Capital Projects – Building Construction Fund**

The capital projects fund is where the District's revenue and expenditures for bond referendums are being tracked. 2016 bond money is being used for deferred maintenance, security upgrades, and alleviating elementary crowding. The District issued a \$110,030,000 bond in March 2020 to fund a new high school. No new bonds were issued in the current fiscal year as the previous bond proceeds were being spent down on the respective projects, contributing to the \$52,843,824 decrease in restricted fund balance of \$31,966,249 at June 30, 2023.

**Debt Service Fund**

The restricted for debt service fund balance increased by \$315,091 as of June 30, 2023 due to revenues exceeding the regular payment of principal and interest.

**Proprietary Fund**

The Health Self-Insurance Internal Service Fund and Dental Self-Insurance Internal Service Fund are combined and presented as one Fund and represent the only proprietary fund for the District. The District started dental self-insurance activities effective January 1, 2019. Starting with fiscal year 2004, the District discontinued self-insuring its health costs, but the District became self-insured again for health effective September 1, 2020. Revenues exceeded expenses by \$1,478,779, increasing the net position to \$1,754,746 at June 30, 2023.

**Fiduciary Fund**

The museum custodial fund is the District's custodial fund. The net position of the museum custodial fund is \$5,328.



**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of fiscal year 2023, the District had net capital assets of \$192,100,029 representing a broad range of capital assets, including school buildings, computer and audio-visual equipment, and other equipment for various instructional programs (see Table A-7). More detailed information about capital assets can be found in Note 4 of the financial statements.

Total depreciation/amortization expense for the year was \$3,410,242.

**Table A-7  
Capital Assets**

	<u>2023</u>	<u>2022</u>	<u>Percentage Change</u>
Land	\$ 4,026,417	\$ 4,026,417	-
Construction in Progress	102,591,089	50,131,234	104.6
Land Improvements	3,608,135	3,504,259	3.0
Buildings and Improvements	111,273,579	109,775,761	1.4
Equipment	13,337,808	12,627,765	5.6
Less: Accumulated Depreciation/Amortization	(42,736,999)	(39,354,663)	8.6
Total Capital Assets	<u>\$ 192,100,029</u>	<u>\$ 140,710,773</u>	36.5

**Long-Term Liabilities**

At year-end, the District had \$158,825,000 in general obligation bonds outstanding. The decrease from 2022 was due the District making its scheduled debt service payments and not issuing and new bonds in 2023. The District had \$2.8 million in severance payable at June 30, 2023, a decrease of 3% from the previous year. More detailed information about the District's long-term liabilities is presented in Note 5 of the financial statements.

**Table A-8  
The District's Long-Term Liabilities**

	<u>2023</u>	<u>2022</u>	<u>Percentage Change</u>
General Obligation Bonds	\$ 158,825,000	\$ 163,595,000	(2.9)%
Bond Premiums	4,293,974	4,741,336	(9.4)
Lease Liability	74,023	107,322	(31.0)
Subscription Liability	121,916	-	100.0
Net Pension Liability	48,993,601	26,199,556	87.0
Other Postemployment Benefits Payable	4,449,133	4,812,494	(7.6)
Severance Benefits Payable	2,754,849	2,837,111	(2.9)
Supplemental Pension Payable	713,943	635,260	12.4
Compensated Absences Payable	425,458	467,893	(9.1)
Total Long-Term Liabilities	<u>\$ 220,651,897</u>	<u>\$ 203,395,972</u>	8.5
Long-Term Liabilities:			
Due Within One Year	\$ 6,045,148	\$ 5,709,558	
Due in More Than One Year	214,606,749	197,686,414	
Total	<u>\$ 220,651,897</u>	<u>\$ 203,395,972</u>	

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

With the exception of the voter-approved levies and other minor levies, the District is dependent on the State of Minnesota for its revenue authority. Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs and increased costs due to inflation.

All Minnesota school districts were fortunate to receive federal funding to help us navigate through these additional budget challenges. Our federal COVID relief funding is being used to maintain class size limits, address student learning loss, provide support for social and emotional learning, and support after school and summer school programming. Unfortunately, these extra funds will only last through the 2023-24 school year, which means we will need to identify new revenue to help stabilize our budget.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, creditors, and other stakeholders with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Business Office, Independent School District No. 761, 515 West Bridge Street, Owatonna, Minnesota 55060.

## **BASIC FINANCIAL STATEMENTS**

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
STATEMENT OF NET POSITION  
JUNE 30, 2023  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	Governmental Activities	
	2023	2022
<b>ASSETS</b>		
Cash and Investments	\$ 72,620,454	\$ 117,017,140
Receivables:		
Property Taxes	10,892,419	10,054,825
Other Governments	9,940,209	9,074,334
Other	293,590	618,588
Prepaid Items	151,225	252,368
Inventories	666,573	430,955
Capital Assets:		
Land and Construction in Progress	106,617,506	54,157,651
Other Capital Assets, Net of Depreciation/Amortization	85,482,523	86,553,122
Total Assets	286,664,499	278,158,983
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows - Other Postemployment Benefits	323,078	459,407
Deferred Outflows - Single Employer Supplemental Pensions	265,367	137,051
Deferred Outflows - Pensions	15,647,985	16,426,473
Total Deferred Outflows	16,236,430	17,022,931
<b>LIABILITIES</b>		
Salaries and Benefits Payable	6,443,044	6,775,371
Accounts and Contracts Payable	12,510,066	7,970,598
Accrued Interest	1,824,792	1,890,282
Due to Other Governmental Units	496,803	315,621
Unearned Revenue	143,597	139,498
Long-Term Liabilities:		
Net Pension Liability	48,993,601	26,199,556
Other Postemployment Benefits Payable	4,449,133	4,812,494
Bonds, Lease Liability, and Other Due Within One Year	6,045,148	5,709,558
Bonds, Lease Liability, and Other Due in More Than One Year	161,164,015	166,674,364
Total Liabilities	242,070,199	220,487,342
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes Levied for Subsequent Year	18,427,583	17,336,753
Deferred Inflows - Other Postemployment Benefits	1,991,245	1,652,705
Deferred Inflows - Single Employer Supplemental Pensions	95,323	35,222
Deferred Inflows - Pensions	9,758,132	43,439,916
Total Deferred Inflows of Resources	30,272,283	62,464,596
<b>NET POSITION</b>		
Net Investment in Capital Assets	36,456,101	34,000,432
Restricted for:		
General Fund Operating Capital Purposes	1,247,247	1,016,515
General Fund State-Mandated Reserves	5,957,664	5,203,611
Food Service	1,433,363	1,352,494
Community Service	1,840,151	1,674,208
Debt Service	265,917	-
Capital Projects - Building Construction	24,295,264	23,076,756
Unrestricted	(40,937,260)	(54,094,040)
Total Net Position	\$ 30,558,447	\$ 12,229,976

See accompanying Notes to Basic Financial Statements.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2022)**

Functions	2023				2022	2022
	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position	Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Total Governmental Activities
<b>GOVERNMENTAL ACTIVITIES</b>						
Administration	\$ 1,871,908	\$ -	\$ (27,345)	29,668	\$ (1,869,585)	\$ (2,074,027)
District Support Services	3,029,792	34,385	30,934	497,459	(2,467,014)	(2,240,933)
Regular Instruction	24,406,252	475,034	7,976,950	250,358	(15,703,910)	(20,985,175)
Vocational Education Instruction	729,725	-	12,052	-	(717,673)	(1,024,010)
Special Education Instruction	11,243,145	595,652	9,951,669	4,655	(691,169)	(3,493,113)
Instructional Support Services	3,173,062	1,472	687,183	23,961	(2,460,446)	(2,329,280)
Pupil Support Services	6,058,590	-	299,438	-	(5,759,152)	(5,067,129)
Sites and Buildings	6,507,966	15,730	8,815	1,220,028	(5,263,393)	(4,161,055)
Fiscal and Other Fixed Cost Programs	248,015	-	-	-	(248,015)	(232,132)
Food Service	3,418,305	1,050,721	2,453,886	-	86,302	672,899
Community Service	3,208,318	633,211	2,535,230	-	(39,877)	(173,958)
Interest and Fiscal Charges on Long-Term Liabilities	4,031,981	-	-	-	(4,031,981)	(3,462,769)
Total School District	<u>\$ 67,927,059</u>	<u>\$ 2,806,205</u>	<u>\$ 23,928,812</u>	<u>\$ 2,026,129</u>	(39,165,913)	(44,570,682)
<b>GENERAL REVENUES</b>						
Property Taxes Levied for:						
General Purposes					8,335,182	8,887,181
Community Service					312,944	300,895
Debt Service					8,423,673	8,277,694
State Aid Not Restricted to Specific Purposes					37,760,773	37,517,553
Earnings (Loss) on Investments					2,420,776	(229,449)
Miscellaneous					225,593	316,625
Gain on Sale of Capital Assets					15,443	-
Total General Revenues					<u>57,494,384</u>	<u>55,070,499</u>
<b>CHANGE IN NET POSITION</b>					18,328,471	10,499,817
Net Position - Beginning					<u>12,229,976</u>	<u>1,730,159</u>
<b>NET POSITION - ENDING</b>					<u>\$ 30,558,447</u>	<u>\$ 12,229,976</u>

See accompanying Notes to Basic Financial Statements.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2023  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	Major Funds					Total Governmental	
	General	Food Service	Community Service	Capital Projects	Debt Service	2023	2022
<b>ASSETS</b>							
Cash and Investments	\$ 18,086,427	\$ 1,182,831	\$ 2,080,096	\$ 43,200,571	\$ 5,761,852	\$ 70,311,777	\$ 115,823,050
Receivables:							
Current Property Taxes	4,873,395	-	170,476	-	5,577,085	10,620,956	9,826,079
Delinquent Property Taxes	132,005	-	5,103	-	134,355	271,463	228,746
Accounts and Interest Receivable	197,434	977	7,646	87,417	-	293,474	614,247
Due from Other Minnesota School Districts	433,875	-	-	-	-	433,875	474,490
Due from Minnesota Department of Education	5,607,442	22,135	205,021	-	104,578	5,939,176	6,675,759
Due from Federal through Minnesota Department of Education	3,002,963	276,082	109,906	-	-	3,388,951	1,766,884
Due from Federal Government Received Directly	102	-	-	-	-	102	92,669
Due from Other Governmental Units	178,105	-	-	-	-	178,105	64,532
Inventory	622,962	43,611	-	-	-	666,573	430,955
Prepays	140,434	128	1,991	8,672	-	151,225	252,368
<b>Total Assets</b>	<b>\$ 33,275,144</b>	<b>\$ 1,525,764</b>	<b>\$ 2,580,239</b>	<b>\$ 43,296,660</b>	<b>\$ 11,577,870</b>	<b>\$ 92,255,677</b>	<b>\$ 136,249,779</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>							
Liabilities:							
Salaries and Compensated Absences Payable	\$ 3,081,721	\$ 13,403	\$ 20,469	\$ 367	\$ -	\$ 3,115,960	\$ 3,394,758
Payroll Deductions and Employer Contributions Payable	3,327,084	-	-	-	-	3,327,084	3,380,613
Accounts and Contracts Payable	604,179	5,738	32,723	11,329,394	-	11,972,034	7,053,249
Due to Other Governmental Units	152,831	-	343,322	650	-	496,803	315,621
Unearned Revenue	30,970	73,260	23,352	-	-	127,582	134,383
<b>Total Liabilities</b>	<b>7,196,785</b>	<b>92,401</b>	<b>419,866</b>	<b>11,330,411</b>	<b>-</b>	<b>19,039,463</b>	<b>14,278,624</b>
Deferred Inflows of Resources:							
Unavailable Revenue - Property Taxes Levied for Subsequent Year	8,620,200	-	320,222	-	9,487,161	18,427,583	17,336,753
Unavailable Revenue - Delinquent Property Taxes	55,465	-	1,637	-	38,120	95,222	191,491
<b>Total Deferred Inflows of Resources</b>	<b>8,675,665</b>	<b>-</b>	<b>321,859</b>	<b>-</b>	<b>9,525,281</b>	<b>18,522,805</b>	<b>17,528,244</b>
Fund Balance:							
Nonspendable:							
Inventory	622,962	43,611	-	-	-	666,573	430,955
Prepays	140,434	128	1,991	8,672	-	151,225	252,368
Restricted for:							
Student Activities	91,601	-	-	-	-	91,601	101,825
Staff Development	-	-	-	-	-	-	174,264
Area Learning Center	533,574	-	-	-	-	533,574	30,462
Operating Capital	1,247,247	-	-	-	-	1,247,247	1,016,515
Community Education	-	-	636,389	-	-	636,389	472,802
Early Childhood and Family Education	-	-	81,435	-	-	81,435	81,307
Basic Skills Programs	610,933	-	-	-	-	610,933	768,636
School Readiness	-	-	852,394	-	-	852,394	801,558
Adult Basic Education	-	-	220,201	-	-	220,201	253,193
Achievement and Integration Revenue	54,015	-	-	-	-	54,015	149,139
Safe Schools Levy	74,368	-	-	-	-	74,368	110,699
Long-Term Facilities Maintenance	3,374,374	-	-	-	-	3,374,374	2,812,205
Medical Assistance	1,218,799	-	-	-	-	1,218,799	1,056,381
Restricted for Other Purposes	-	1,389,624	46,104	31,957,577	2,052,589	35,445,894	87,825,279
Committed for:							
Career Pathways	500,000	-	-	-	-	500,000	-
Assigned for:							
READ Act	500,000	-	-	-	-	500,000	-
Unemployment	192,308	-	-	-	-	192,308	-
Unassigned	8,242,079	-	-	-	-	8,242,079	8,105,323
<b>Total Fund Balance</b>	<b>17,402,694</b>	<b>1,433,363</b>	<b>1,838,514</b>	<b>31,966,249</b>	<b>2,052,589</b>	<b>54,693,409</b>	<b>104,442,911</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 33,275,144</b>	<b>\$ 1,525,764</b>	<b>\$ 2,580,239</b>	<b>\$ 43,296,660</b>	<b>\$ 11,577,870</b>	<b>\$ 92,255,677</b>	<b>\$ 136,249,779</b>

See accompanying Notes to Basic Financial Statements.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2023  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	2023	2022
<b>Total Fund Balance for Governmental Funds</b>	<b>\$ 54,693,409</b>	<b>\$ 104,442,911</b>
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	4,026,417	4,026,417
Construction in Progress	102,591,089	50,131,234
Land Improvements, Net of Accumulated Depreciation	1,984,269	2,013,354
Buildings and Improvements, Net of Accumulated Depreciation	77,757,938	78,507,358
Equipment, Net of Accumulated Depreciation/Amortization	5,542,778	6,032,410
Software, Net of Accumulated Amortization	197,538	-
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unearned revenue in the funds.	95,222	191,491
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditures when due.	(1,824,792)	(1,890,282)
The District's net pension liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:		
Net Pension Liability	(48,993,601)	(26,199,556)
Deferred Inflows of Resources - Pensions	(9,853,455)	(43,475,138)
Deferred Outflows of Resources - Pensions	15,913,352	16,563,524
Supplemental Pension Payable	(713,943)	(635,260)
Compensated Absences Payable	(425,458)	(467,893)
The District's liability for other postemployment benefits is a long-term liability and therefore only recorded on the statement of net position. Balances at year-end are:		
Other Postemployment Benefits Payable	(4,449,133)	(4,812,494)
Deferred Outflows - Other Postemployment Benefits	323,078	459,407
Deferred Inflows - Other Postemployment Benefits	(1,991,245)	(1,652,705)
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term are reported in the statement of net position. Balances at year-end are:		
Bonds Payable	(158,825,000)	(163,595,000)
Unamortized Premiums	(4,293,974)	(4,741,336)
Lease Liability	(74,023)	(107,322)
Subscription Liability	(121,916)	-
Severance Benefits Payable	(2,754,849)	(2,837,111)
Internal service funds are used by management to charge the costs of health and dental insurance services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Internal service fund net position at year-end is:	1,754,746	275,967
<b>Total Net Position of Governmental Activities</b>	<b>\$ 30,558,447</b>	<b>\$ 12,229,976</b>

See accompanying Notes to Basic Financial Statements.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2023  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2022)**

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Capital Projects	Debt Service	2023	2022
<b>REVENUES</b>							
Local Sources:							
Property Taxes	\$ 8,372,435	\$ -	\$ 315,005	\$ -	\$ 8,480,628	\$ 17,168,068	\$ 17,445,074
Earnings (Loss) on Investments	364,018	27,625	48,802	1,846,455	98,518	2,385,418	(226,117)
Other	1,881,848	1,168,466	706,408	180,821	-	3,937,543	3,179,370
State Sources	53,778,768	156,495	2,278,626	-	1,045,772	57,259,661	56,433,956
Federal Sources	4,165,382	2,179,646	198,847	-	-	6,543,875	9,053,994
Total Revenues	<u>68,562,451</u>	<u>3,532,232</u>	<u>3,547,688</u>	<u>2,027,276</u>	<u>9,624,918</u>	<u>87,294,565</u>	<u>85,886,277</u>
<b>EXPENDITURES</b>							
Current:							
Administration	2,199,940	-	-	-	-	2,199,940	2,148,624
District Support Services	2,743,130	-	-	-	-	2,743,130	2,586,179
Elementary and Secondary Regular Instruction	29,448,671	-	-	-	-	29,448,671	29,748,049
Vocational Education Instruction	1,046,987	-	-	-	-	1,046,987	1,112,793
Special Education Instruction	14,030,556	-	-	-	-	14,030,556	13,952,087
Instructional Support Services	3,601,708	-	-	-	-	3,601,708	3,250,728
Pupil Support Services	6,341,791	-	-	-	-	6,341,791	5,323,160
Sites and Buildings	5,483,946	-	-	-	-	5,483,946	5,317,635
Fiscal and Other Fixed Cost Programs	248,015	-	-	-	-	248,015	232,132
Food Service	-	3,451,363	-	-	-	3,451,363	3,337,736
Community Service	-	-	3,360,985	-	-	3,360,985	3,483,707
Capital Outlay	955,704	-	16,697	54,871,100	-	55,843,501	44,679,710
Debt Service:							
Principal	117,450	-	1,786	-	4,770,000	4,889,236	4,676,511
Interest and Fiscal Charges	3,015	-	216	-	4,539,827	4,543,058	4,699,721
Total Expenditures	<u>66,220,913</u>	<u>3,451,363</u>	<u>3,379,684</u>	<u>54,871,100</u>	<u>9,309,827</u>	<u>137,232,887</u>	<u>124,548,772</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	2,341,538	80,869	168,004	(52,843,824)	315,091	(49,938,322)	(38,662,495)
<b>OTHER FINANCING SOURCES</b>							
Sale of Equipment	15,443	-	-	-	-	15,443	11,890
Subscription Liability Issuance	142,870	-	-	-	-	142,870	-
Lease Liability Issuance	30,507	-	-	-	-	30,507	-
Total Other Financing Sources	<u>188,820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>188,820</u>	<u>11,890</u>
<b>NET CHANGE IN FUND BALANCE</b>	2,530,358	80,869	168,004	(52,843,824)	315,091	(49,749,502)	(38,650,605)
<b>FUND BALANCE</b>							
Beginning of Year	<u>14,872,336</u>	<u>1,352,494</u>	<u>1,670,510</u>	<u>84,810,073</u>	<u>1,737,498</u>	<u>104,442,911</u>	<u>143,093,516</u>
End of Year	<u>\$ 17,402,694</u>	<u>\$ 1,433,363</u>	<u>\$ 1,838,514</u>	<u>\$ 31,966,249</u>	<u>\$ 2,052,589</u>	<u>\$ 54,693,409</u>	<u>\$ 104,442,911</u>

See accompanying Notes to Basic Financial Statements.



**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2022)**

	2023	2022
<b>Net Change in Fund Balance - Total Governmental Funds</b>	<b>\$ (49,749,502)</b>	<b>\$ (38,650,605)</b>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation/amortization expense. The amount by which capital outlays exceeded depreciation/amortization in the current period is:</p>		
Capital Outlays	54,765,022	44,150,311
Capital Contributions	-	88,578
Loss on Disposal of Capital Assets	-	(15,357)
Proceeds from the Sales of Capital Assets	-	(11,890)
Depreciation/Amortization Expense	(3,410,242)	(3,280,750)
<p>Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are unearned in the governmental funds.</p>		
	(96,269)	20,696
<p>Some capital asset additions are financed through lease liability agreements. In governmental funds, a lease liability agreement is considered a source of financing, but in the statement of net position, the lease liability agreement is reported as a liability. Repayment of lease liability principal is an expenditure in the governmental funds, but repayment reduces the lease liability in the statement of net position.</p>		
Other Financing Sources - Lease Liability	(30,507)	-
Other Financing Sources - Subscription Liability	(142,870)	-
Principal Payments - Lease Liability	63,806	56,511
Principal Payments - Subscription Liability	55,430	-
<p>Pension expenditures in the governmental funds are measured by current year employer contributions. Pension expenses on the statement of activities are measured by the change in the net pension liability and the related deferred inflows and outflows of resources.</p>		
	10,109,251	2,407,623
<p>To record the change in the OPEB Liability and related deferred outflows and deferred inflows of resources</p>		
	(111,508)	(90,743)
<p>In the statement of activities, certain operating expenses - severance benefits, supplemental pensions, and compensated absences and the related deferred outflows and inflows - are measured by amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (amounts actually paid).</p>		
	114,229	245,635
<p>The governmental funds report bond issuance as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:</p>		
Repayment of Bond Principal	4,770,000	4,620,000
Change in Accrued Interest - General Obligation Bonds	65,490	63,042
Amortization of Bond Premium	447,362	1,002,704
<p>Internal service funds are used by the District to charge the costs of employee health and dental benefits to individual funds. The change in net position of the internal service funds is reported with governmental activities.</p>		
	1,478,779	(105,938)
Total	\$ 18,328,471	\$ 10,499,817

See accompanying Notes to Basic Financial Statements.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2023  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	Governmental Activities - Internal Service Funds	
	2023	2022
<b>ASSETS</b>		
Current Assets		
Cash and Investments	\$ 2,308,677	\$ 1,194,090
Accounts Receivable	116	4,341
Total Assets	2,308,793	1,198,431
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	538,032	917,349
Unearned Revenue	16,015	5,115
Total Liabilities	554,047	922,464
<b>NET POSITION</b>		
Unrestricted	\$ 1,754,746	\$ 275,967

See accompanying Notes to Basic Financial Statements.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2023  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2022)**

	Governmental Activities - Internal Service Funds	
	2023	2022
<b>OPERATING REVENUES</b>		
Charges for Services:		
Insurance Premiums	\$ 9,814,524	\$ 9,566,122
<b>OPERATING EXPENSES</b>		
Insurance Claim Payments	7,248,315	8,618,316
Administrative Fees	1,122,788	1,050,412
Total Operating Expenses	8,371,103	9,668,728
<b>OPERATING INCOME (LOSS)</b>	1,443,421	(102,606)
<b>NONOPERATING INCOME (LOSS)</b>		
Earnings (Loss) on Investments	35,358	(3,332)
<b>CHANGE IN NET POSITION</b>	1,478,779	(105,938)
Net Position - Beginning	275,967	381,905
<b>NET POSITION - ENDING</b>	\$ 1,754,746	\$ 275,967

See accompanying Notes to Basic Financial Statements.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2023  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2022)**

	Governmental Activities - Internal Service Funds	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Insurance Services Provided	\$ 9,829,649	\$ 9,575,826
Payments for Medical Fees and Insurance Claims	(8,750,420)	(9,925,692)
Net Cash Provided (Used) by Operating Activities	1,079,229	(349,866)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	35,358	(3,332)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,114,587	(353,198)
Cash and Investments - Beginning	1,194,090	1,547,288
<b>CASH AND INVESTMENTS - ENDING</b>	\$ 2,308,677	\$ 1,194,090
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ 1,443,421	\$ (102,606)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
(Increase) Decrease in Accounts Receivable	4,225	10,514
Increase (Decrease) Accounts Payable	(379,317)	(256,964)
Increase (Decrease) in Unearned Revenue	10,900	(810)
Total Adjustments	(364,192)	(247,260)
Net Cash Provided (Used) by Operating Activities	\$ 1,079,229	\$ (349,866)

See accompanying Notes to Basic Financial Statements.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2023**

	Custodial Fund
<b>ASSETS</b>	
Cash and Investments	\$ 5,955
<b>LIABILITIES</b>	
Salaries and Compensated Absences Payable	619
Accounts and Contracts Payable	8
Total Liabilities	627
<b>NET POSITION</b>	
Restricted for Museum	\$ 5,328

*See accompanying Notes to Basic Financial Statements.*

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2023**

	Custodial Fund
<b>ADDITIONS</b>	
Gifts and Contributions	\$ 2,112
Fundraising	6,923
Earnings on Investments	128
Total Additions	9,163
<b>DEDUCTIONS</b>	
Salaries and Benefits	1,256
Fundraising	6,923
Total Deductions	8,179
<b>CHANGE IN NET POSITION</b>	984
Net Position - Beginning of Year	4,344
<b>NET POSITION - END OF YEAR</b>	\$ 5,328

See accompanying Notes to Basic Financial Statements.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The financial statements of Independent School District No. 761 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB pronouncements are recognized as GAAP for state and local governments.

**B. Financial Reporting Entity**

Independent School District No. 761 (the District) is an instrumentality of the State of Minnesota established to function as an educational institution. The elected School Board (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

GAAP requires that the District's financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separated from the District. In addition, the District's financial statements are to include all component units – entities for which the District is financially accountable.

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

Student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside school hours. The Board has responsibility in establishing broad policies and ensuring that appropriate financial records are maintained for student activities. In accordance with Minnesota State Statutes, the student activity accounts are included in these financial statements as part of the General Fund.

**C. Basic Financial Statement Presentation**

The government-wide financial statements (i.e. the statement of net position and the statement of activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The fiduciary funds are only reported in the statement of fiduciary net position and statement of changes in fiduciary net position at the fund financial statement level.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

C. Basic Financial Statement Presentation (Continued)

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

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

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. Fiduciary funds are presented in the fiduciary fund financial statements by type. The District has only one type of fiduciary fund – Custodial Fund. Since by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide statements.

The Internal Service Fund is presented in the proprietary fund financial statements. Because the principal users of the internal services are the District's governmental activities, the financial statement of the Internal Service Fund is consolidated into the governmental column when presented 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. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.



**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

D. Measurement Focus and Basis of Accounting

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

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

- 1. Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes and GAAP. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales, community education tuition, and other miscellaneous revenue (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A six-month availability period is generally used for other fund revenue.
- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used. Principal and interest on long-term debt issues are recognized on their due dates.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

D. Measurement Focus and Basis of Accounting (Continued)

**Description of Funds**

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

*Major Governmental Funds*

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

Food Service Special Revenue Fund – The Food Service Fund is used to account for food service revenues and expenditures. Revenues for the Food Service Fund are generated from user fees, federal reimbursements, and state aids.

Community Service Special Revenue Fund – The Community Service Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, veterans, adult or early childhood programs or other similar services. Revenues for the Community Service Fund are generated primarily from user fees, local property taxes, federal reimbursements, and state credits.

Capital Projects Fund – The Capital Projects Fund accounts for financial resources related to debt issued for the school building projects.

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

*Proprietary Fund*

Internal Service Fund – The Internal Service Fund accounts for financing of goods or services provided by one department to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. Prior to 2004, the District's Internal Service Fund accounted for the District's health self-insurance program. The self-insurance program was discontinued at the end of fiscal year 2003. The District started a dental self-insurance program in fiscal year 2019, and the District became self-insured again for health effective September 1, 2020.

*Fiduciary Funds*

Custodial Fund – The Custodial Fund is used to account for arrangements under which principal and income benefits individuals, private organizations, or other governments. This fund accounts for gifts and bequests that are to be used for the school museum.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

E. Budgeting

Budgets presented in this report for comparison to actual amounts are presented in accordance with GAAP. Each June, the School Board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service, and Debt Service Funds. The approved budget is published in summary form in the District's legal newspaper by November 30 of each year. Reported budget amounts represent the amended budget as adopted by the Board. Legal budgetary control is at the fund level.

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

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

Budgeted amounts include mid-year budget amendments that changed revenue and expenditure budgets as follows:

	Original Budget	Amendments	Amended Budget
<u>Revenues and Other Financing Sources</u>			
General Fund	\$ 66,874,384	\$ 1,875,462	\$ 68,749,846
Special Revenue Funds:			
Food Service Fund	3,219,548	396,389	3,615,937
Community Service Fund	3,354,504	117,727	3,472,231
<u>Expenditures</u>			
General Fund	\$ 68,454,818	\$ (1,405,366)	\$ 67,049,452
Special Revenue Funds:			
Food Service Fund	3,285,541	256,268	3,541,809
Community Service Fund	3,592,410	(221,726)	3,370,684

Unencumbered expenditure appropriations lapse at year-end. Encumbrances are generally not recorded.

Budget provisions for the Debt Service Fund are set by state law governing required debt service levels.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

F. Cash and Investments

Cash and investments consist of interest and noninterest bearing checking and money market accounts, certificates of deposit, deposits in the MN Trust Investment Shares Portfolio, MN Trust Limited Term Duration Series, negotiable certificates of deposit, federal government, and state and local government bonds. Cash balances from all funds are combined and invested to the extent available in various securities as authorized by Minnesota Statutes. Earnings (losses) from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

G. Accounts Receivable

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

H. Inventories

Inventories are recorded using the consumption method of accounting and consist of paper, purchased food, supplies, technology equipment, and surplus commodities received from the federal government. Food and supply purchases are recorded at invoice cost, computed on a first-in, first-out method, and surplus commodities are stated at standardized cost, as determined by the U.S. Department of Agriculture. Paper is recorded at latest invoice price, which approximates the first-in, first-out method.

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Prepaid items are expensed during the period benefitted.

J. Property Taxes

Property tax levies are established by the Board of Education in December each year and are certified to the County for collection the following calendar year. In Minnesota, counties act as collection agents for all property taxes. The County spreads all levies over taxable property. Such taxes become a lien on January 1. Taxes are due on May 15 and October 15. The County generally remits taxes to the District at periodic intervals as they are collected. A portion of property taxes levied is paid through various state tax credits which are included in revenue from state sources in the financial statements.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

J. Property Taxes (Continued)

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as a deferred inflow of resources (property taxes levied for subsequent year). The majority of District revenue in the General Fund (and to a lesser extent in the District's Community Service Special Revenue Fund) is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between taxes and state aids by the Legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the "tax shift."

In accordance with State law, the current tax shift consists of an amount equal to 31% of the District's 2000 Pay 2001 operating referendum levy, which is frozen at \$339,315 for the District. The tax shift also includes certain other levies that are recognized early based on statutory requirements.

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 a deferred inflow of resources because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material. Current levies of local taxes, less the amount recognized as revenue in the current period, including portions assumed by the State which will be recognized as revenue in the next fiscal year beginning July 1, 2023, are included in Property Taxes Levied for Subsequent Year to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

K. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The District maintains a threshold level of \$5,000 for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statement, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation/amortization purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment.

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

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JUNE 30, 2023**

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

**K. Capital Assets (Continued)**

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

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

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets. Useful lives vary from 3 to 5 years for SBITA assets.

**L. Leases**

The District determines if an arrangement is a lease at inception. Leases are included in intangible assets and lease liabilities in the statements of net position.

Lease liabilities represent the District's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the District will exercise that option.

**M. Subscription-Based Information Technology Arrangements (SBITAs)**

The District determines if an arrangement is a SBITA at inception. SBITAs are included in Right-to-Use assets and subscription payable in the statements of net position.

SBITA subscriptions payable represent the District's obligation to make SBITA payments arising from the arrangement. SBITA subscriptions payable are recognized at the commencement date based on the present value of expected SBITA payments over the SBITA term, less any SBITA vendor incentives. Interest expense is recognized ratably over the contract term.

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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

N. Deferred Outflows of Resources

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses) until that time. The District has three items that qualify for reporting as this element – pension, single employer supplemental pension, and other postemployment benefits related deferred outflows of resources. All related deferred outflows of resources will be recognized as expense in subsequent years.

O. 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 amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period they are incurred.

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

P. Pensions

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

Q. Accrued Employee Benefits

**Vacation Pay**

All full-time, noncertified employees earn annual vacation pay at various rates based on length of service. All outstanding unpaid vacation pay is payable upon termination of employment. At June 30, 2023, unpaid vacation pay totaling \$425,458 is recorded in the financial statements.

**OWATONNA PUBLIC SCHOOLS  
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JUNE 30, 2023**

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

Q. Accrued Employee Benefits (Continued)

**Sick Pay**

Substantially all District employees are entitled to sick leave at various rates. For certain employees, unused sick leave enters into the calculation of severance pay upon termination.

**Severance Benefits Payable**

Severance benefits consist of convertible sick leave.

The District maintains various severance plans for its employee groups. Each employee group contract contains benefit formulas based on years of service and/or minimum age requirements. No employee can receive severance payments exceeding one year's salary.

The District has recorded a liability for accrued convertible sick leave based on the sick leave accumulated at June 30, 2023 for employees currently eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments. Under this "vesting method," accruals for those employees expected to become eligible in the future are based on assumptions concerning the probability that the employees will become eligible to receive termination payments (vest) at some point in the future.

During fiscal year 2023, expenditures for convertible sick leave benefits totaled \$271,113. At June 30, 2023, the long-term portion of the convertible sick leave liability is included as part of severance benefits payable in the statement of net position, totaling \$2,754,849.

**Other Postemployment Benefits Payable**

Under the terms of certain collective bargaining employment contracts, the District provides health care coverage until age 65 if certain age and minimum years of service requirements are met. The amount to be incurred is limited as specified by contract. All premiums are funded on a pay-as-you-go basis. This amount was actuarially determined, in accordance with GASB Statement No. 75.

R. Statement of Cash Flows

For purposes of the statement of cash flows, the District considers cash on hand and demand deposits accounts to be cash and cash equivalents. Cash and cash equivalents are included in cash and investments.



**OWATONNA PUBLIC SCHOOLS  
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JUNE 30, 2023**

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

S. Deferred Inflows of Resources

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items which occur related to revenue recognition. The first occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. The second type of deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's year-end) under the modified accrual basis of accounting. The third type of deferred outflow is pension related as discussed in Note 7. The fourth type of deferred outflow is other postemployment benefits related as discussed in Note 8.

T. Unearned Revenues

Unearned revenues are those in which resources are received by the District before it has a legal claim to them. The District has reported unearned revenues for prepaid meals in the Food Service Fund and prepaid student and community courses in the Community Service Fund. The District also reported unearned revenues in the General Fund related to prepaid driver's education classes.

U. Fund Balance

In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned, and unassigned fund balances. Nonspendable portions of fund balance relate to prepaid items and inventories. Restricted funds are constrained from outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the Board of Education. The Board of Education passed a resolution authorizing the Superintendent, Director of Finance and Operations, and Controller to assign fund balances and their intended uses. Unassigned fund balances are considered the remaining amounts. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to use restricted first, then unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the District's policy to use committed first, then assigned, and finally unassigned amounts.

The District has a minimum fund balance policy, which identifies a minimum unassigned General Fund balance of no less than 8% and no more than 10% of the General Fund annual expenditure budget.

**OWATONNA PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

V. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the government-wide, proprietary fund, and fiduciary fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statement when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

W. Adoption of New Accounting Standards

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

The District adopted the requirements of the guidance effective July 1, 2022, and has applied the provisions of this standard to the beginning of the period of adoption. Beginning fund balance/net position was not restated due to the implementation of GASB 96. The implementation of this standard resulted in the District reporting a SBITA asset and a subscription payable as disclosed in Note 4 and Note 5.

X. Summarized Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with GAAP. 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. Certain comparative information has been reclassified to conform with the current year presentation.

**NOTE 2 STEWARDSHIP AND ACCOUNTABILITY**

A. Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following major governmental fund:

	Budget	Expenditures	Excess
Special Revenue Funds:			
Community Service Fund	\$ 3,370,684	\$ 3,379,684	\$ 9,000

This overage was considered by District management to be the result of necessary expenditures critical to operations.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 3 DEPOSITS AND INVESTMENTS**

**A. Deposits**

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

The District maintains a cash and investment pool that is available for use by all funds. Each fund type’s portion of this pool is displayed on the combined balance sheet as “Cash and Investments.” In accordance with Minnesota Statutes, the District maintains deposits at financial institutions which are authorized by the District’s Board.

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds. The District’s deposits in banks at June 30, 2023 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

**B. Investments**

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

- Direct obligations or obligations guaranteed by the United States or its agencies.
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, 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.
- Banker’s acceptances of United States banks eligible for purchase by the Federal Reserve System.
- Commercial paper issued by United States banks, corporations, or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories.
- Repurchase or reverse purchase 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, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

**OWATONNA PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

B. Investments (Continued)

At June 30, 2023, the District had the following investments:

<b>Investments Measured at Fair Value</b>	Fair Value
Negotiable Certificates of Deposit with Maturities at Purchase of Greater Than One Year	\$ 967,377
US Treasury Notes	4,939,195
Municipal Bonds	5,593,179
Total Investments Measured at Fair Value	\$ 11,499,751
<b>Investments Measured at Amortized Cost</b>	Amortized Cost
MN Trust Investment Shares	\$ 33,831,372
MN Trust Limited Term Duration Series	8,046,766
Total Investments Measured at Amortized Cost	\$ 41,878,138
Total District Investments	\$ 53,377,889

The MN Trust Investment Shares Portfolio and MN Trust Limited Term Duration Series are external investment pools and their investments are valued at amortized cost.

The amortized cost method of valuation values a security at its cost on the date of purchase and thereafter assumes a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of investments.

The remaining investments are held by PMA Financial Network as temporary investments of the District's cash.

*Custodial Credit Risk*

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2023, all investments and collateral were listed in the name of the District.

*Credit Risk and Interest Rate Risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

**OWATONNA PUBLIC SCHOOLS  
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JUNE 30, 2023**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

B. Investments (Continued)

*Credit Risk and Interest Rate Risk (Continued)*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. 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.

The credit ratings and maturities for the District's investments are as follows:

Type	Total	Maturity Duration in Years			Rating
		Less Than 1	1 to 2	2 to 5	
MN Trust Investment Series	\$ 33,831,372	\$ 33,831,372	\$ -	\$ -	AAAm
MN Trust Limited Term Duration Series	8,046,766	8,046,766	-	-	Not Rated
Certificates of Deposit	967,377	242,771	724,606	-	Not Rated
US Treasury Bills and Notes	4,939,195	4,939,195	-	-	AA+
Municipal Bonds	5,593,179	5,593,179	-	-	AA- to AAA
Total	<u>\$ 53,377,889</u>	<u>\$ 52,653,283</u>	<u>\$ 724,606</u>	<u>\$ -</u>	

*Concentration of Credit Risk*

Except for amounts invested with Trustees, the District limits the amount of its total deposits and investments portfolio that may be invested with any one depository to 75% of the total portfolio. There were no investments over 5%.

C. Balance Sheet Presentation

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

Cash and Investments - Statement of Net Position	\$ 72,620,454
Cash and Investments - Statement of Fiduciary Net Position	5,955
Total Cash and Investments	<u>\$ 72,626,409</u>

D. Fair Value Measurements

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

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

D. Fair Value Measurement (Continued)

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

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

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

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

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

Assets measured at fair value on a recurring basis:

Investment	Level 1	Level 2	Level 3	Total
Negotiable Certificates of Deposit with Maturities at Purchase of Greater Than One Year	\$ -	\$ 967,377	\$ -	\$ 967,377
US Treasury Bills and Notes	-	4,939,195	-	4,939,195
Municipal Bonds	-	5,593,179	-	5,593,179
Total Investments Measured at Fair Value	<u>\$ -</u>	<u>\$ 11,499,751</u>	<u>\$ -</u>	<u>11,499,751</u>
Investments Measured at Amortized Cost				41,878,138
Total District Investments				<u>\$ 53,377,889</u>

**OWATONNA PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 4 CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 4,026,417	\$ -	\$ -	\$ 4,026,417
Construction in Progress	50,131,234	53,960,514	(1,500,659)	102,591,089
Total Capital Assets, Not Being Depreciated	<u>54,157,651</u>	<u>53,960,514</u>	<u>(1,500,659)</u>	<u>106,617,506</u>
Capital Assets, Being Depreciated				
Land Improvements	3,504,259	103,876	-	3,608,135
Buildings and Improvements	109,775,761	1,497,818	-	111,273,579
Equipment	12,468,003	427,483	(27,906)	12,867,580
Right-to-Use Assets, Being Amortized				
Equipment	159,762	30,507	-	190,269
Software	-	279,959	-	279,959
Total Capital Assets, Being Depreciated/Amortized	<u>125,907,785</u>	<u>2,339,643</u>	<u>(27,906)</u>	<u>128,219,522</u>
Accumulated Depreciation for:				
Land Improvements	(1,490,905)	(132,961)	-	(1,623,866)
Buildings and Improvements	(31,268,403)	(2,247,238)	-	(33,515,641)
Equipment	(6,539,607)	(881,913)	27,906	(7,393,614)
Accumulated Amortization for:				
Equipment	(55,748)	(65,709)	-	(121,457)
Software	-	(82,421)	-	(82,421)
Total Accumulated Depreciation/Amortization	<u>(39,354,663)</u>	<u>(3,410,242)</u>	<u>27,906</u>	<u>(42,736,999)</u>
Total Capital Assets, Being Depreciated/Amortized, Net	<u>86,553,122</u>	<u>(1,070,599)</u>	<u>-</u>	<u>85,482,523</u>
Governmental Activities Capital Assets, Net	<u>\$ 140,710,773</u>	<u>\$ 52,889,915</u>	<u>\$ (1,500,659)</u>	<u>\$ 192,100,029</u>

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

<b>Governmental Activities</b>	
Administration	\$ 29,020
District Support Services	227,476
Regular Instruction	2,903,694
Vocational Education Instruction	6,486
Special Education Instruction	2,399
Instructional Support Services	47,717
Pupil Support Services	28,222
Sites and Buildings	67,240
Food Service	64,632
Community Service	33,356
Total Depreciation/Amortization Expense, Governmental Activities	<u>\$ 3,410,242</u>

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 5 GENERAL LONG-TERM DEBT**

**A. Components of General Long-Term Debt**

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

Issue	Net Interest Rate	Original Issue	Final Maturity	Principal Outstanding	
				Due Within One Year	Total
2015A G.O. School Building Bonds	2.00% - 3.25%	\$ 9,800,000	2/1/2036	\$ 200,000	\$ 9,000,000
2016A G.O. School Building Bonds	2.00% - 5.00%	65,385,000	2/1/2036	3,140,000	44,725,000
2020A G.O. School Building Bonds	2.00% - 4.00%	110,030,000	2/1/2045	1,755,000	105,100,000
Total General Obligation Bonds				5,095,000	158,825,000
Bond Premiums				-	4,293,974
Lease Liability				46,650	74,023
Subscription Liability				51,775	121,916
Severance Benefits Payable				400,000	2,754,849
Supplemental Pension Payable				132,630	713,943
Compensated Absences Payable				319,093	425,458
Total				\$ 6,045,148	\$ 167,209,163

**B. Minimum Debt Payments**

Minimum annual principal and interest payments required to retire long-term bonds and leases are as follows:

Year Ending June 30,	General Obligation Bonds Payable		Lease Liability		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 5,095,000	\$ 4,379,500	\$ 46,650	\$ 1,418	\$ 5,141,650	\$ 4,380,918
2025	5,265,000	4,211,100	20,458	450	5,285,458	4,211,550
2026	5,505,000	3,970,150	2,153	223	5,507,153	3,970,373
2027	5,755,000	3,717,900	2,238	138	5,757,238	3,718,038
2028	5,950,000	3,525,500	2,326	49	5,952,326	3,525,549
2029-2033	32,795,000	14,573,900	198	-	32,795,198	14,573,900
2034-2038	37,755,000	9,404,900	-	-	37,755,000	9,404,900
2039-2043	42,395,000	4,932,063	-	-	42,395,000	4,932,063
2044-2045	18,310,000	620,213	-	-	18,310,000	620,213
Total	\$ 158,825,000	\$ 49,335,225	\$ 74,023	\$ 2,278	\$ 158,899,023	\$ 49,337,503

Year Ending June 30,	Subscription Liability	
	Principal	Interest
2024	\$ 51,776	\$ 4,238
2025	55,117	2,191
2026	15,023	476
Total	\$ 121,916	\$ 6,905



**OWATONNA PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

C. Description of Long-Term Debt

**General Obligation Bonds**

On December 29, 2015, the District issued \$9,800,000 of General Obligation School Building Bonds, Series 2015A. The proceeds of this issue are being used to fund the betterment of school sites and facilities. The new issue was issued at a premium of \$130,146. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated to retire these bonds.

On February 23, 2016, the District issued \$65,385,000 of General Obligation School Building Bonds, Series 2016A. The proceeds of this issue are being used to fund the betterment of school sites and facilities. The new issue was issued at a premium of \$3,529,689. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated to retire these bonds.

On March 19, 2020, the District issued \$110,030,000 of General Obligation School Building Bonds, Series 2020A. The proceeds of this issue are being used to finance the acquisition and betterment of school sites and facilities, including but not limited to, construction of a new high school and re-purposing of the old high school site for District use. The new issue was issued at a premium of \$3,232,907. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated to retire these bonds.

**Lease Liability**

In April 2019, the District entered into a lease agreement for copy machines. The lease expires in January of 2025.

The District entered into three additional copier leases with Xerox in September of 2020. The leases expire in August of 2023.

In July 2022, the District entered into a lease agreement for gymnastic gym space. The lease expires in June of 2024.

In April 2023, the District entered into a lease agreement for mail machines. The lease expires in July of 2028.

**Subscription-Based Information Technology Arrangements**

The District has entered into SBITAs for multiple curriculum software. The SBITAs expire between August 9, 2024 and July 1, 2025.

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

C. Description of Long-Term Debt (Continued)

**Compensated Absences Payable**

Compensated absences payable consists of unused vacation as of June 30, 2023. In the past, vacation expense has been paid by the General Fund, the Food Service Fund, and the Community Service Fund.

**Severance Benefits Payable and Supplemental Pension Payable**

Severance benefits payable and supplemental pension payable consist of severance payments and accumulated sick leave. See Note 7 for more detail on the supplemental pension plan. In the past, severance benefits and supplemental pension payments have been liquidated by the General Fund, the Food Service Fund, and the Community Service Fund.

D. Changes in Long-Term Liabilities

	June 30, 2022	Additions	Retirements	June 30, 2023
Bonds Payable	\$ 163,595,000	\$ -	\$ 4,770,000	\$ 158,825,000
Bond Premiums	4,741,336	-	447,362	4,293,974
Lease Liability	107,322	30,507	63,806	74,023
Subscription Liability	-	177,346	55,430	121,916
Severance Benefits Payable	2,837,111	188,851	271,113	2,754,849
Supplemental Pension Payable	635,260	197,039	118,356	713,943
Compensated Absences Payable	467,893	365,595	408,030	425,458
Total	<u>\$ 172,383,922</u>	<u>\$ 959,338</u>	<u>\$ 6,134,097</u>	<u>\$ 167,209,163</u>

**NOTE 6 RESTRICTED FUND BALANCES**

**Fund Equity**

Certain portions of fund balance are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties.

The following is a summary of the restricted fund balances for the governmental funds:

A. Restricted for Staff Development

Restricted for staff development represents general education aid resources to be expended for staff development programs.

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**NOTE 6 RESTRICTED FUND BALANCES (CONTINUED)**

**Fund Equity (Continued)**

B. Restricted for Student Activities

Restricted for the extracurricular activity funds raised by students.

C. Restricted for Area Learning Center

Restricted for area learning center resources available for students attending area learning centers. The amount restricted may only be spent on program costs associated with the area learning center.

D. Restricted for Basic Skills Programs

In accordance with state statute, this restriction represents available resources dedicated exclusively for meeting the educational needs of pupils who enroll under-prepared for learners of their age.

E. Restricted for Operating Capital

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

F. Restricted for Community Education Programs

The fund balance restriction represents accumulated resources available to provide general community education programming.

G. Restricted for Early Childhood and Family Education Programs

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

H. Restricted for School Readiness

This fund balance restriction represents resources available to provide school readiness programming in accordance with funding made available for that purpose.

I. Restricted for Adult Basic Education

This fund balance restriction represents accumulated resources available to provide services for adult basic education.

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**NOTE 6 RESTRICTED FUND BALANCES (CONTINUED)**

**Fund Equity (Continued)**

J. Restricted for Achievement and Integration

This fund balance restriction represents accumulated resources remaining from the Achievement and Integration Levy.

K. Restricted for Safe Schools Levy

This fund balance represents unspent resources available from the safe schools levy.

L. Restricted for Long-Term Facilities Maintenance

Represents unspent State aid to finance facilities plans approved by its board and the commissioner.

M. Restricted for Medical Assistance

Represents resources to be used for Medical Assistance expenditures.

N. Restricted for Other Purposes

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

**NOTE 7 PENSION PLANS**

A. Plan Description

**1. General Employees Retirement Plan (GERF)**

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

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

**2. Teachers Retirement Fund (TRA)**

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

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**NOTE 7 PENSION PLANS (CONTINUED)**

A. Plan Description (Continued)

**2. Teachers Retirement Fund (TRA) (Continued)**

Educators employed in Minnesota's public elementary and secondary schools, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those employed by St. Paul schools or Minnesota State Colleges and Universities).

B. Benefits Provided

**1. General Employees Plan Benefits**

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

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% of average salary for each of the first 10 years of service and 1.7% of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

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

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**NOTE 7 PENSION PLANS (CONTINUED)**

B. Benefits Provided (Continued)

**2. TRA Benefits**

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

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

*Tier 1 Benefits*

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

With these provisions:

- (1) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- (2) 3.0% per year early retirement reduction factor for all years under normal retirement age.
- (3) Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

or

*Tier II Benefits*

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

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**NOTE 7 PENSION PLANS (CONTINUED)**

B. Benefits Provided (Continued)

**2. TRA Benefits (Continued)**

*Tier II Benefits (Continued)*

Members first employed after June 30, 1989, receive only the Tier II 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 provisions in effect at the time they last terminated their public service.

C. Contributions

**1. General Employees Fund Contributions**

*Minnesota Statutes* Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature. Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2023 and the District was required to contribute 7.50% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2023, were \$670,307. The District's contributions were equal to the required contributions as set by state statute.

**2. TRA Contributions**

Per *Minnesota Statutes*, Chapter 354 rates for the fiscal year 2023 for coordinated were 7.50% for the employee and 8.55% for the employer. Basic rates were 11.00% for the employee and 12.55% for the employer. The District's contributions to TRA for the plan's fiscal year ended June 30, 2023 were \$2,682,303. The District's contributions were equal to the required contributions for each year as set by state statute.

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**NOTE 7 PENSION PLANS (CONTINUED)**

D. Pension Costs

**1. General Employees Fund Pension Costs**

At June 30, 2023, the District reported a liability of \$9,076,358 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 \$265,957, for a total net pension liability of \$9,342,315 associated with the District. 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 PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.1146% at the end of the measurement period and 0.1129% for the beginning of the period.

For the year ended June 30, 2023, the District recognized pension expense of \$1,009,993 for its proportionate share of General Employees Plan's pension expense. In addition, the District recognized an additional \$39,740 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the General Employees Fund.

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 75,813	\$ 96,957
Changes in Actuarial Assumptions	2,054,143	36,915
Net Difference Between Projected and Actual Earnings on Plan Investments	157,434	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	70,894	200,561
District Contributions Subsequent to the Measurement Date	670,307	-
Total	<u>\$ 3,028,591</u>	<u>\$ 334,433</u>



**OWATONNA PUBLIC SCHOOLS  
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**NOTE 7 PENSION PLANS (CONTINUED)**

D. Pension Costs (Continued)

**1. General Employees Fund Pension Costs (Continued)**

Of the resources related to pensions resulting from District contributions to the General Employees Fund subsequent to the measurement date, \$670,307 reported as deferred outflows of resources 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 inflows of resources related to General Employees Fund pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2024	\$ 701,507
2025	767,137
2026	(265,612)
2027	820,819

**2. TRA Pension Costs**

At June 30, 2023, the District reported a liability of \$39,917,243 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the state of Minnesota, City of Minneapolis, and Minneapolis School District. The District's proportionate share was 0.4985% at the end of the measurement period and 0.4885% at the beginning of the period.

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

<u>Description</u>	<u>Amount</u>
District's Proportionate Share of the TRA Net Pension Liability	\$ 39,917,243
State's Proportionate Share of the Net Pension Liability Associated with the District	2,960,217
Total Net Pension Liability	\$ 42,877,460

For the year ended June 30, 2023, the District recognized pension expense of \$(7,795,369). It also recognized \$(839,344) as pension expense (and grant revenue) for the support provided by direct aid.

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**NOTE 7 PENSION PLANS (CONTINUED)**

D. Pension Costs (Continued)

**2. TRA Pension Costs (Continued)**

At June 30, 2023, the District reported its proportionate share of the TRA's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 583,875	\$ 350,661
Changes in Actuarial Assumptions	6,394,641	8,447,281
Net Difference Between Projected and Actual		
Earnings on Plan Investments	1,115,064	-
Changes in Proportion and Differences Between		
District Contributions and Proportionate Share		
of Contributions	1,843,511	625,757
District Contributions Subsequent to the		
Measurement Date	2,682,303	-
Total	<u>\$ 12,619,394</u>	<u>\$ 9,423,699</u>

Of the resources related to pensions resulting from District contributions to TRA subsequent to the measurement date, \$2,682,303 reported as deferred outflows of resources 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 inflows of resources related to TRA will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2024	\$ (6,708,170)
2025	1,349,588
2026	436,891
2027	5,233,673
2028	201,410

**3. Pension Totals**

The District's pension totals including amounts for TRA, the General Employees Fund, and the supplemental pension plan detailed more in note 7.J are as follows:

	GERF	TRA	Supplemental Pension Plan	Total
Net Pension Liability	\$ 9,076,358	\$ 39,917,243	\$ 713,943	\$ 49,707,544
Deferred Outflows of Resources	3,028,591	12,619,394	265,367	15,913,352
Deferred Inflows of Resources	334,433	9,423,699	95,323	9,853,455
Pension Expense	1,049,733	(8,634,713)	143,098	(7,441,882)

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**NOTE 7 PENSION PLANS (CONTINUED)**

E. Long-Term Expected Return on Investment

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.50 %	5.10%
International Equity	16.50	5.30%
Fixed Income	25.00	0.75%
Private Markets	25.00	5.90%
Totals	<u>100.00 %</u>	

The long-term expected rate of return on TRA pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocations 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	35.50 %	5.10%
International Equity	17.50	5.30%
Fixed Income	20.00	0.75%
Private Markets	25.00	5.90%
Unallocated Cash	2.00	0.00%
Totals	<u>100.00 %</u>	

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**NOTE 7 PENSION PLANS (CONTINUED)**

F. Actuarial Assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5% for PERA and 7.0% for TRA. 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 investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% for PERA and 7.0% for TRA was deemed to be within that range of reasonableness for financial reporting purposes.

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service.

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

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

TRA pre-retirement mortality rates were based on the RP-2014 white collar employee table, male rates set back 5 years and female rates set back 7 years. Generational projection uses the MP-2015 scale. Post-retirement mortality rates were based on the RP-2014 white collar annuitant table, male rates set back 3 years and female rates set back 3 years, with further adjustments of the rates. Generational projection uses the MP-2015 scale. Post-disability mortality rates were based on the RP-2014 disabled retiree mortality table, without adjustment.

Inflation is assumed to be 2.5% for TRA. Benefit increases after retirement are assumed to be 1.0% for January 2020 through January 2023 then increasing by 0.10% each year up to 1.5% annually.

Salary growth assumptions for TRA range in annual increments from 2.85% to 8.85% before July 1, 2028 and 3.25% to 9.25% after June 30, 2028.

**OWATONNA PUBLIC SCHOOLS  
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**NOTE 7 PENSION PLANS (CONTINUED)**

F. Actuarial Assumptions (Continued)

The following changes in actuarial assumptions for PERA occurred in 2022:

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

The following changes in actuarial assumptions for TRA occurred in 2022:

- There were no actuarial assumption changes since the previous evaluation.

G. Discount Rate

The discount rate used to measure the PERA General Employees Plan liability in 2022 was 6.50%. There was no change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to measure the TRA pension liability was 7.00%. There was no change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contribution 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 (SEIR).

**OWATONNA PUBLIC SCHOOLS  
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**NOTE 7 PENSION PLANS (CONTINUED)**

H. Pension Liability Sensitivity

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

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
<u>GERF Discount Rate</u>	5.50%	6.50%	7.50%
District's Proportionate Share of the GERF Net Pension Liability	\$ 14,336,583	\$ 9,076,358	\$ 4,762,162
<u>TRA Discount Rate</u>	6.00%	7.00%	8.00%
District's Proportionate Share of the TRA Net Pension Liability	\$ 62,927,360	\$ 39,917,243	\$ 21,056,122

I. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

Detailed information about TRA's fiduciary net position is available in a separately-issued TRA financial report. That report can be obtained at [www.MinnesotaTRA.org](http://www.MinnesotaTRA.org); by writing to TRA at 60 Empire Drive #400, St. Paul, Minnesota, 55103-4000; or by calling 651-651-296-2409 or 1-800-657-3669.

J. Supplemental Pension Plan

**1. Plan Description**

The District operates a single-employer defined benefit supplemental pension benefit plan for eligible principals and directors. Currently, principals and directors are eligible after five years of service. There are 25 active participants in the plan as of July 1, 2022. The pension payment is equal to a percentage of the final annual salary, paid in a lump sum at the time of termination. Benefit and eligibility provisions are established through negotiations between the District and the employee or the union and are negotiated each bargaining period. The Plan does not issue a publicly available financial report.

**2. Funding Policy**

Payments under the plan are made on a pay-as-you-go basis. There are no invested plan assets accumulated for payment of future benefits. The General Fund, Food Service Fund, and Community Service Fund are used for funding all pension benefits. The employer makes all contributions.

**OWATONNA PUBLIC SCHOOLS  
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**NOTE 7 PENSION PLANS (CONTINUED)**

J. Supplemental Pension Plan (Continued)

**3. Total Pension Liability**

The District recognizes its total pension liability, rather than a net pension liability. In order for the District to recognize a net pension liability, assets must be accumulated in a trust that meets the following criteria:

- Contributions from the employer and nonemployer contributing entities, and the earnings thereon, must be irrevocable.
- Pension plan assets must be dedicated to providing pensions to Plan members in accordance with benefit terms.
- Pension plan assets must be legally protected from the creditors of employer, nonemployer contributing entities, the Plan administrator, and the Plan members.

No assets are accumulated in a trust that meets all of the above criteria. Accordingly, the District's total pension liability is not reduced by any assets accumulated in a trust that meets the criteria, and the District must report its total pension liability.

The District's total pension liability was determined by an actuarial valuation as of July 1, 2022. The measurement date of the liability was July 1, 2022, which was rolled forward to the reporting date of June 30, 2023. At June 30, 2023, the District reported a total pension liability of \$713,943. Changes in the District's total pension liability were as follows:

Total Pension Liability - June 30, 2022	\$	635,260
Changes for the Year:		
Service Cost		61,888
Interest		14,133
Changes in Benefit Terms		61,364
Differences Between Expected and Actual Experience		59,654
Changes of Assumptions of Other Inputs		(69,846)
Benefit Payments		(48,510)
Net Changes		<u>78,683</u>
Total Pension Liability - June 30, 2023	\$	<u><u>713,943</u></u>

**OWATONNA PUBLIC SCHOOLS  
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**NOTE 7 PENSION PLANS (CONTINUED)**

J. Supplemental Pension Plan (Continued)

**4. Pension Costs**

For the year ended June 30, 2023, the District recognized pension expense of \$143,100. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 111,425	\$ 22,319
Changes of Assumptions or Other Inputs	21,312	73,004
Benefit Payments Subsequent to the Measurement Date	132,630	-
Total	\$ 265,367	\$ 95,323

The District's benefit payments and amounts incurred by the District for pension administrative expenses subsequent to the measurement date of \$132,630 reported as deferred outflows of resources 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 the supplemental pension plan will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense
2024	\$ 5,713
2025	5,713
2026	5,713
2027	5,713
2028	5,713
Thereafter	8,849

The actuarial total pension liability was determined as of July 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date:	July 1, 2022
Measurement Date:	July 1, 2022
Actuarial Cost Method:	Entry Age, Level Percentage of Pay
Discount Rate:	3.80%
Inflation:	2.50%
Retirement Age:	55
Mortality:	Pub-2010 Public Retirement Plans Mortality Tables with MP-2021 Generational Improvement Scale



**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 7 PENSION PLANS (CONTINUED)**

J. Supplemental Pension Plan (Continued)

**5. Actuarial Methods and Assumptions**

The salary scale used to value the supplemental pension plan liability is similar to the table used to value pension liabilities for Minnesota school district employees. The rates for teachers, principals and the superintendent are based on the Teacher Retirement Association of Minnesota actuarial experience study for the period July 1, 2014 through June 30, 2018 and a study of economic assumptions dated November 2017. The rates for other employees are based on the Public Employees Retirement Association of Minnesota most recent four-year experience study for the General Employees Plan completed in 2019 and a review of the inflation assumption.

Benefit Changes for the fiscal year ending June 30, 2023:

- The percentages which are multiplied by the last annual salary to determine each participant's GASB 73 benefit increased.

Assumption Changes for the fiscal year ending June 30, 2023:

- 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 non-teachers 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% to 3.80%.

**6. Discount Rate**

The discount rate used to measure the total pension liability was 3.80%. The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds.

**7. Total Pension Liability Sensitivity**

The following presents the District's total pension liability, calculated using the discount rate of 3.80%, as well as what the District's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.80%) or one percentage point higher (4.80%) than the current rate:

	1% Decrease (2.80%)	Current Discount Rate (3.80%)	1% Increase (4.80%)
Total Pension Liability	\$ 754,474	\$ 713,943	\$ 674,818

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN**

**A. Plan Description**

The District operates a single-employer retiree benefit plan (the Plan) that provides health, dental, and life insurance to eligible employees and their spouses through the District's insurance plans. There are 630 active participants and 79 retired participants and spouses receiving benefits. Benefit and eligibility provisions are established through negotiations between the District and various unions representing the District's employees and are renegotiated each bargaining period. The Plan does not issue a publicly available financial report. There are no assets accumulated in an OPEB trust that meets the criteria of GASB Statement No. 75 paragraph 4.

**B. Funding Policy**

Contribution requirements are also negotiated between the District and the union representatives. The District contributes up to 100% of the cost of current year premiums for eligible retired plan members and their spouses. For fiscal year 2023, the District contributed \$201,835 to the plan.

**C. Actuarial Methods and Assumptions**

The District's OPEB liability was measured as of July 1, 2022, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to the reporting date of June 30, 2023.

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

Inflation	2.50%
Discount Rate	3.80%
20-Year Municipal Bond Yield	3.80%
Health Care Trend Rates	6.50% Decreasing to 5.00% over 6 years and then to 4.00% over the next 48 years
Dental Trend Rates	3.00%

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with the MP-2021 Generational Improvement Scale.

The salary scale used to value the total OPEB liability is similar to the table used to value pension liabilities for Minnesota school district employees. The rates for teachers, principals and the superintendent are based on the Teacher Retirement Association of Minnesota actuarial experience study for the period July 1, 2014 through June 30, 2018 and a study of economic assumptions dated November 2017. The rates for other employees are based on the Public Employees Retirement Association of Minnesota most recent four-year experience study for the General Employees Plan completed in 2019 and a review of the inflation assumption.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)**

C. Actuarial Assumptions and Methods (Continued)

The discount rate used to measure the total OPEB liability was 3.80%. The discount rate is based on the estimated yield of 20-year AA-rated bonds.

Since the previous measurement date, the following benefit changes have been made:

- None.

Since the previous measurement date, the following actuarial assumption changes have been made:

- The health care 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 non-teachers 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% to 3.80%.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)**

D. Changes in the OPEB Liability

The following table shows the components of the changes in the District's OPEB Liability:

	Increase (Decrease) Total OPEB Liability
Balances at July 1, 2022	\$ 4,812,494
Changes for the Year:	
Service Cost	375,201
Interest Cost	106,372
Differences Between Expected and Actual Experience	(108,222)
Assumption Changes	(490,723)
Benefit Payments	(245,989)
Net Changes	(363,361)
Balances at July 1, 2023	\$ 4,449,133

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

	1% Decrease (2.8%)	Discount Rate (3.8%)	1% Increase (4.8%)
Total OPEB Liability	\$ 4,779,783	\$ 4,449,133	\$ 4,137,130

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower (5.50% decreasing to 4.00% over five years) or 1% point higher (7.50% decreasing to 6.00% over five years) than the current healthcare cost trend rates:

	Healthcare Cost		
	1% Decrease (5.50% Decreasing to 4.00% over 6 Years)	Current Trend Rates (6.50% Decreasing to 5.00% over 6 Years)	1% Increase (7.50% Decreasing to 6.00% over 6 Years)
Total OPEB Liability	\$ 3,973,951	\$ 4,449,133	\$ 5,012,411

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)**

E. OPEB Liability Costs

For the year ended June 30, 2023, the District recognized OPEB expense of \$239,626. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Liability	\$ -	\$ 1,509,140
Change of Assumptions	121,243	482,105
Contributions Between Measurement Date and Reporting Date	201,835	-
Total	<u>\$ 323,078</u>	<u>\$ 1,991,245</u>

At June 30, 2023, the District's contributions and amounts incurred by the District for OPEB subsequent to the measurement date of \$201,835 reported as deferred outflows of resources 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 the OPEB plan will be recognized in OPEB expense as follows.

<u>Year Ending June 30.</u>	Pension Expense Amount
2024	\$ (241,947)
2025	(241,947)
2026	(241,947)
2027	(241,947)
2028	(241,947)
Thereafter	(660,267)

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 9 FLEXIBLE BENEFIT PLAN**

The District has a flexible benefit plan that is classified as a “cafeteria plan” under Section 125 of the Internal Revenue Code. 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 pre-tax dollars withheld from payroll checks to the plan for health care and dependent care benefits.

The current plan year runs from September 1 to August 31. Before the beginning of the plan year, each participant designates a total amount of pre-tax dollars to be contributed to the plan during the year. At June 30, the District is contingently liable for claims against the total amount of participants’ annual contributions for the health care portion of the plan, whether or not such contributions have been made.

Payments of health insurance claims are made by the District directly to the designated insurance companies. These payments are made on a monthly basis and are accounted for in the General, Food Service, and Community Service Funds.

Payments for amounts withheld for medical reimbursement and dependent care are made to participating employees upon submitting a request for reimbursement of eligible expenses.

All plan property and income attributable to that property is solely the property of the District, subject to the claims of the District’s general creditors. Participants’ rights under the plan are equal to those of general creditors of the District in an amount equal to eligible health care 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 10 PROPRIETARY FUND**

The District elected to discontinue self-insuring its employee health insurance program as of June 30, 2003. The District continued to pay claims it incurred before June 30, 2003. Starting in fiscal year 2019, the District started using this fund to account for a dental self-insurance program. The District was retaining the portion of fund balance remaining in the fund related to the previous health self-insurance fund as start-up funds should a decision be made in the future to self-insure. The District became self-insured for health benefits again effective September 1, 2020.

The liability for unpaid claims included in the Internal Service Fund as claims payable, including \$332,063 for an estimated liability for claims incurred but not reported, for 2023 and the preceding year were:

	2023	2022
Beginning of Fiscal Year Liability - July 1,	\$ 917,349	\$ 1,174,313
Current Year Claims, Changes in Estimates, and Other Charges	7,248,315	8,618,316
Current Year Claims Paid, Including an Estimate of Claims Incurred But Not Reported (IBNR)	(7,627,632)	(8,875,280)
End of Fiscal Year Liability - June 30,	\$ 538,032	\$ 917,349

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 11 RISK MANAGEMENT**

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

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

**NOTE 12 COMMITMENTS AND CONTINGENCIES**

**Federal and State Programs**

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 fund. 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.

**Construction Commitments**

The District has active construction projects as of June 30, 2023. The District' major commitments with contracts are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Owatonna High School Project	\$ 100,615,007	\$ 10,218,493
Existing OHS Remodel	470,164	12,153,718
OEC Playground	-	126,407
Lincoln Playground	-	200,165
Washington East Playground	57,256	57,504
Washington West Playground	114,755	104,205

**NOTE 13 JOINT POWERS AGREEMENT**

A. Ice Arena

Effective March 1999, the City of Owatonna, Steele County, and the District entered into a joint powers agreement to provide for the operation and maintenance of a joint ice arena. The ice arena is run and maintained by the County, with the City contributing up to \$55,000 annually in the form of public utilities. Under the terms of the agreement, the District made financial contributions to the construction of the ice arena totaling \$250,000 between March 1999 and 2002. In addition, the District agreed to maintain its present level of use of the ice arena during the term any bonds are outstanding related to the project. Total payments for the use of the ice arena were \$59,610 for the year ended June 30, 2023. The bonds matured in various increments through 2011.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 13 JOINT POWERS AGREEMENT (CONTINUED)**

B. Cannon Valley Special Education Cooperative

Independent School District No. 761 is a member of the Cannon Valley Special Education Cooperative. The Cannon Valley Special Education Cooperative was established for the primary objective to provide specialized services for special education students, as defined by state law, and to provide other programs and services as approved by the Joint Powers Governing Board. The Cooperative was established by four separate member districts.

Each member district shares in the cost of the programming based on its allocable participation, which is paid to the education district in the form of membership fees, reimbursements, and other charges for services. In addition, each member district is assessed a charge related to the cost of the building which houses the cooperative. Independent School District No. 761's allocable assessment related to the building cost for the year ended June 30, 2023 was \$347,207 and is \$365,501 annually going forward through June 30, 2036. The education district is able to recover the cost of its programs through the previously mentioned revenue sources.



## **REQUIRED SUPPLEMENTARY INFORMATION**

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 8,259,456	\$ 8,292,677	\$ 8,372,435	\$ 79,758
Earnings (Loss) on Investments	15,000	300,000	364,018	64,018
Other	1,486,648	1,845,420	1,881,848	36,428
State Sources	52,705,314	53,749,651	53,778,768	29,117
Federal Sources	4,392,966	4,552,098	4,165,382	(386,716)
Total Revenues	<u>66,859,384</u>	<u>68,739,846</u>	<u>68,562,451</u>	<u>(177,395)</u>
<b>EXPENDITURES</b>				
Current:				
Administration	2,081,986	2,186,932	2,199,940	13,008
District Support Services	2,705,637	2,916,602	2,743,130	(173,472)
Elementary and Secondary Regular Instruction	30,641,156	29,733,751	29,448,671	(285,080)
Vocational Education Instruction	1,098,974	1,112,435	1,046,987	(65,448)
Special Education Instruction	15,106,051	14,637,005	14,030,556	(606,449)
Instructional Support Services	3,167,535	3,503,906	3,601,708	97,802
Pupil Support Services	5,746,882	6,390,933	6,341,791	(49,142)
Sites and Buildings	6,713,891	5,408,771	5,483,946	75,175
Fiscal and Other Fixed Cost Programs	240,000	248,015	248,015	-
Capital Outlay	854,011	812,407	955,704	143,297
Debt Service:				
Principal	72,809	72,809	117,450	44,641
Interest and Fiscal Charges	25,886	25,886	3,015	(22,871)
Total Expenditures	<u>68,454,818</u>	<u>67,049,452</u>	<u>66,220,913</u>	<u>(828,539)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,595,434)	1,690,394	2,341,538	651,144
<b>OTHER FINANCING SOURCES</b>				
Sale of Equipment	15,000	10,000	15,443	5,443
Subscription Liability Issuance	-	-	142,870	142,870
Lease Liability Issuance	-	-	30,507	30,507
Total Other Financing Sources	<u>15,000</u>	<u>10,000</u>	<u>188,820</u>	<u>178,820</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (1,580,434)</u>	<u>\$ 1,700,394</u>	2,530,358	<u>\$ 829,964</u>
<b>FUND BALANCE</b>				
Beginning of Year			<u>14,872,336</u>	
End of Year			<u>\$ 17,402,694</u>	

See accompanying Notes to Required Supplementary Information.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOOD SERVICE FUND  
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
<b>REVENUES</b>				
Local Sources:				
Earnings (Loss) on Investments	\$ 150	\$ 20,000	\$ 27,625	\$ 7,625
Other - Primarily Meal Sales	1,300,355	1,141,074	1,168,466	27,392
State Sources	177,997	162,073	156,495	(5,578)
Federal Sources	1,741,046	2,292,790	2,179,646	(113,144)
Total Revenues	<u>3,219,548</u>	<u>3,615,937</u>	<u>3,532,232</u>	<u>(83,705)</u>
<b>EXPENDITURES</b>				
Current:				
Food Service	3,280,541	3,506,809	3,451,363	(55,446)
Capital Outlay	5,000	35,000	-	(35,000)
Total Expenditures	<u>3,285,541</u>	<u>3,541,809</u>	<u>3,451,363</u>	<u>(90,446)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (65,993)</u>	<u>\$ 74,128</u>	80,869	<u>\$ 6,741</u>
<b>FUND BALANCE</b>				
Beginning of Year			1,352,494	
End of Year			<u>\$ 1,433,363</u>	

See accompanying Notes to Required Supplementary Information.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
COMMUNITY SERVICE FUND  
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 314,245	\$ 311,982	\$ 315,005	\$ 3,023
Earnings (Loss) on Investments	-	35,000	48,802	13,802
Other - Primarily Tuition and Fees	600,300	656,650	706,408	49,758
State Sources	2,291,121	2,286,058	2,278,626	(7,432)
Federal Sources	148,838	182,541	198,847	16,306
Total Revenues	<u>3,354,504</u>	<u>3,472,231</u>	<u>3,547,688</u>	<u>75,457</u>
<b>EXPENDITURES</b>				
Current:				
Community Service	3,565,236	3,341,010	3,360,985	19,975
Capital Outlay	25,055	27,555	16,697	(10,858)
Debt Service:				
Principal	1,679	1,679	1,786	107
Interest and Fiscal Charges	440	440	216	(224)
Total Expenditures	<u>3,592,410</u>	<u>3,370,684</u>	<u>3,379,684</u>	<u>9,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (237,906)</u>	<u>\$ 101,547</u>	168,004	<u>\$ 66,457</u>
<b>FUND BALANCE</b>				
Beginning of Year			<u>1,670,510</u>	
End of Year			<u>\$ 1,838,514</u>	

See accompanying Notes to Required Supplementary Information.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS**

	Measurement Date					
	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
Service Cost	\$ 375,201	\$ 407,703	\$ 378,618	\$ 420,727	\$ 384,834	\$ 467,511
Interest	106,372	113,692	165,658	171,548	195,217	186,012
Changes in Benefit Terms	-	-	-	-	48,273	-
Differences Between Expected and Actual Experience	(108,222)	-	(941,551)	-	(1,329,483)	-
Changes of Assumptions of Other Inputs	(490,723)	81,089	(44,379)	115,481	87,551	-
Plan Changes	-	-	40,913	-	-	-
Benefit Payments	(245,989)	(237,529)	(232,062)	(214,272)	(310,154)	(290,252)
Net Changes	(363,361)	364,955	(632,803)	493,484	(923,762)	363,271
<b>Total OPEB Liability - Beginning</b>	<u>4,812,494</u>	<u>4,447,539</u>	<u>5,080,342</u>	<u>4,586,858</u>	<u>5,510,620</u>	<u>5,147,349</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 4,449,133</u>	<u>\$ 4,812,494</u>	<u>\$ 4,447,539</u>	<u>\$ 5,080,342</u>	<u>\$ 4,586,858</u>	<u>\$ 5,510,620</u>
<b>Covered Employee Payroll</b>	\$ 36,289,740	\$ 36,397,166	\$ 35,337,054	\$ 34,507,402	\$ 33,502,332	\$ 30,412,867
<b>Total OPEB Liability as a Percentage of Covered Employee Payroll</b>	12.26%	13.22%	12.59%	14.72%	13.69%	18.12%

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

There are no assets accumulated in an OPEB trust that meets the criteria of GASB Statement No. 75 paragraph 4.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
LAST NINE MEASUREMENT DATES\***

TRA	Measurement Date								
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's Proportion of the Net Pension Liability	0.4985%	0.4885%	0.4972%	0.4941%	0.4790%	0.4618%	0.4504%	0.4522%	0.4487%
District's Proportionate Share of the Net Pension Liability	\$ 39,917,243	\$ 21,378,221	\$ 36,733,802	\$ 31,494,038	\$ 30,087,531	\$ 92,183,657	\$ 107,431,147	\$ 27,973,042	\$ 20,675,773
State's Proportionate Share of the Net Pension Liability Associated with District	2,960,217	1,803,015	3,078,588	2,786,991	2,826,615	8,910,382	10,783,101	3,431,386	1,454,618
Total	<u>\$ 42,877,460</u>	<u>\$ 23,181,236</u>	<u>\$ 39,812,390</u>	<u>\$ 34,281,029</u>	<u>\$ 32,914,146</u>	<u>\$ 101,094,039</u>	<u>\$ 118,214,248</u>	<u>\$ 31,404,428</u>	<u>\$ 22,130,391</u>
District's Covered Payroll	\$ 31,129,197	\$ 29,332,595	\$ 29,162,614	\$ 28,295,746	\$ 26,829,000	\$ 24,989,587	\$ 23,699,920	\$ 23,334,840	\$ 20,480,514
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	128.23%	72.88%	125.96%	111.30%	112.15%	368.89%	453.30%	119.88%	100.95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.17%	86.63%	75.48%	78.21%	78.07%	51.57%	44.88%	76.80%	81.50%

\* The District implemented GASB Statement No. 68 in fiscal 2015, and the above table will be expanded to 10 years as information is available.

GERF	Measurement Date								
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's Proportion of the Net Pension Liability	0.1146%	0.1129%	0.1185%	0.1204%	0.1264%	0.1301%	0.1296%	0.1285%	0.1254%
District's Proportionate Share of the Net Pension Liability	\$ 9,076,358	\$ 4,821,335	\$ 7,104,617	\$ 6,656,646	\$ 7,012,154	\$ 8,305,498	\$ 10,522,877	\$ 6,659,537	\$ 5,890,664
State's Proportionate Share of the Net Pension Liability Associated with District	265,957	147,173	219,163	206,991	230,106	104,421	137,440	-	-
Total	<u>\$ 9,342,315</u>	<u>\$ 4,968,508</u>	<u>\$ 7,323,780</u>	<u>\$ 6,863,637</u>	<u>\$ 7,242,260</u>	<u>\$ 8,409,919</u>	<u>\$ 10,660,317</u>	<u>\$ 6,659,537</u>	<u>\$ 5,890,664</u>
District's Covered Payroll	\$ 8,806,853	\$ 8,132,653	\$ 8,454,387	\$ 8,525,440	\$ 8,496,880	\$ 8,389,253	\$ 8,037,947	\$ 7,475,892	\$ 6,584,883
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	103.06%	59.28%	84.03%	78.08%	82.53%	99.00%	130.91%	89.08%	89.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.67%	87.00%	79.06%	80.23%	79.53%	75.90%	68.90%	78.20%	78.70%

\* The District implemented GASB Statement No. 68 in fiscal 2015, and the above table will be expanded to 10 years as information is available.

See accompanying Notes to Required Supplementary Information.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>TRA</b>										
Statutorily Required Contribution	\$ 2,682,303	\$ 2,596,175	\$ 2,384,740	\$ 2,309,679	\$ 2,181,602	\$ 2,012,175	\$ 1,874,219	\$ 1,777,494	\$ 1,750,113	\$ 1,433,636
Contributions in Relation to the Statutorily Required Contribution	<u>(2,682,303)</u>	<u>(2,596,175)</u>	<u>(2,384,740)</u>	<u>(2,309,679)</u>	<u>(2,181,602)</u>	<u>(2,012,175)</u>	<u>(1,874,219)</u>	<u>(1,777,494)</u>	<u>(1,750,113)</u>	<u>(1,433,636)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 31,371,965	\$ 31,129,197	\$ 29,332,595	\$ 29,162,614	\$ 28,295,746	\$ 26,829,000	\$ 24,989,587	\$ 23,699,920	\$ 23,334,840	\$ 20,480,514
Contributions as a Percentage of Covered Payroll	8.55%	8.34%	8.13%	7.92%	7.71%	7.50%	7.50%	7.50%	7.50%	7.00%

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>GERF</b>										
Statutorily Required Contribution	\$ 670,307	\$ 660,514	\$ 609,949	\$ 634,079	\$ 639,408	\$ 637,266	\$ 629,194	\$ 602,846	\$ 551,347	\$ 477,404
Contributions in Relation to the Statutorily Required Contribution	<u>(670,307)</u>	<u>(660,514)</u>	<u>(609,949)</u>	<u>(634,079)</u>	<u>(639,408)</u>	<u>(637,266)</u>	<u>(629,194)</u>	<u>(602,846)</u>	<u>(551,347)</u>	<u>(477,404)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 8,937,427	\$ 8,806,853	\$ 8,132,653	\$ 8,454,387	\$ 8,525,440	\$ 8,496,880	\$ 8,389,253	\$ 8,037,947	\$ 7,475,892	\$ 6,584,883
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.38%	7.25%

See accompanying Notes to Required Supplementary Information.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL PENSION LIABILITY  
AND RELATED RATIOS  
SUPPLEMENTAL PENSION PLAN  
LAST SEVEN MEASUREMENT DATES \***

	Measurement Date						
	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017	July 1, 2016
Service Cost	\$ 61,888	\$ 75,148	\$ 70,647	\$ 51,151	\$ 47,490	\$ 43,433	\$ 44,526
Interest	14,133	15,372	15,524	15,692	12,101	12,025	12,784
Plan Changes	-	-	116,597	-	-	-	-
Differences Between Expected and Actual Experience	59,654	-	(29,758)	-	97,272	-	-
Changes of Assumptions of Other Inputs	(69,846)	8,849	9,459	10,265	(3,743)	(13,592)	-
Benefit Payments	(48,510)	(58,587)	(35,935)	(52,239)	(76,303)	(132,724)	(32,754)
Net Changes	78,683	\$ 40,782	\$ 146,534	24,869	76,817	(90,858)	24,556
<b>Total Pension Liability - Beginning</b>	<u>635,260</u>	<u>\$ 594,478</u>	<u>\$ 447,944</u>	<u>423,075</u>	<u>346,258</u>	<u>437,116</u>	<u>412,560</u>
<b>Total Pension Liability - Ending</b>	<u>\$ 713,943</u>	<u>\$ 635,260</u>	<u>\$ 594,478</u>	<u>\$ 447,944</u>	<u>\$ 423,075</u>	<u>\$ 346,258</u>	<u>\$ 437,116</u>
<b>Covered Payroll</b>	\$ 2,994,840	\$ 3,206,315	\$ 3,112,927	\$ 3,186,673	\$ 3,093,857	\$ 2,716,855	\$ 2,637,723
<b>Total Pension Liability as a Percentage of Covered Employee Payroll</b>	23.84%	19.81%	19.10%	14.06%	13.67%	12.74%	16.57%

\*Ten Years of Data Will be Presented as it Becomes Available



**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**NOTE 1 COMPLIANCE – BUDGETS**

The budget and the actual amounts are both prepared on the modified accrual basis of accounting in accordance with GAAP.

In the following fund, expenditures exceeded the appropriations during the year ended June 30, 2023:

	Budget	Expenditures	Excess
Special Revenue Funds:			
Community Service Fund	\$ 3,370,684	\$ 3,379,684	\$ 9,000

This overage was considered by District management to be the result of necessary expenditures critical to operations.

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS**

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

**2022 Changes**

Changes in Actuarial Assumptions

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

**2021 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2020 Changes**

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,  
AND ASSUMPTIONS (CONTINUED)**

**2020 Changes (Continued)**

Changes in Actuarial Assumptions (Continued)

- 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 Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

**2019 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**2018 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,  
AND ASSUMPTIONS (CONTINUED)**

**2018 Changes (Continued)**

Changes in Actuarial Assumptions (Continued)

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

**2017 Changes**

Changes in Actuarial Assumptions

- The combined service annuity (CSA) loads were changed from 0.80% for active members and 60.00% for vested and nonvested deferred members. The revised CSA load are now 0.00% for active member liability, 15.00% for vested deferred member liability, and 3.00% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed for 1.00% per year for all years to 1.00% per year through 2044 and 2.50% per year thereafter.

Changes in Plan Provisions

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

**2016 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,  
AND ASSUMPTIONS (CONTINUED)**

**2015 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions:

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

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

**2022 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2021 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2020 Changes**

Changes in Actuarial Assumptions

- Assumed termination rates were changed to more closely reflect actual experience.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back five years and female rates set back seven years.
- Generational projection uses the MP-2015 scale. Assumed form of annuity election proportions were changed to more closely reflect actual experience for female retirees.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2019 Changes**

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,  
AND ASSUMPTIONS (CONTINUED)**

**2018 Changes**

Changes in Actuarial Assumptions

- The investment return assumption was changed from 8.5% to 7.5%.
- The price inflation assumption was lowered from 3.0% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The wage inflation assumption (above price inflation) was reduced from 0.75% to 0.35% for the next 10 years, and 0.75% thereafter.

Changes in Actuarial Assumptions

- The total salary increase assumption was adjusted by the wage inflation change.
- The amortization date for the funding of the Unfunded Actuarial Accrual Liability (UAAL) was reset to June 30, 2048 (30 years).
- The mechanism in the law that provided the TRA Board with some authority to set contribution rates was eliminated.

Changes in Plan Provisions

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to 0.0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next five years, (7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,  
AND ASSUMPTIONS (CONTINUED)**

**2017 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2016 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**2015 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**2014 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**NOTE 3 CHANGES IN SIGNIFICANT OPEB PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS**

The following changes were reflected in the valuation performed on behalf of the District's Postemployment Benefits Plan for the years ended June 30:

**2023**

- The discount rate was changed from 2.10% to 3.80%.
- The health care 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 non-teachers were updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.

**2022**

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

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**NOTE 3 CHANGES IN SIGNIFICANT OPEB PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**2021**

- All Teachers who attain age 55 with 10 years of service will be eligible to receive an \$1,000 payment to an HRA if a notice of intent to retire is provided by February 15. Previously, only Teachers hired before July 1, 2001 were eligible for this benefit.
- The health care 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% per year for all employees to rates which vary by service and contract group.
- Implicit rate dental benefits are assumed to end at age 75 instead of age 70.
- The Retiree Plan Participation percentage was reduced from 70% to 30% for Secretaries and from 70% to 60% for all Custodians, Directors, Teachers, the Superintendent and for Administrators who are not eligible for a subsidy.
- The discount rate was changed from 3.10% to 2.40%.

**2020**

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

**2019**

- A \$1,000 lump sum paid to an HRA was added for retirement eligible teachers hired before July 1, 2001 that give notice of retirement prior to February 15.
- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality table was updated from 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 retiree plan participation assumption for educational assistants, food service, paraprofessionals, and nonaffiliated participants was changed from 70% to 30%.
- The end age for dental insurance implicit rate subsidy was increased from age 65 to age 70.
- The discount rate was changed from 3.40% to 3.50%.

**2018**

- The discount rate was changed from 3.00% to 3.40%.
- The actuarial cost method was changed from projected unit credit to entry age as prescribed by GASB Statement No. 75.



## **SUPPLEMENTARY INFORMATION**

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS  
COMPLIANCE TABLE  
JUNE 30, 2023**

	AUDIT	UFARS	DIFFERENCE
<b>01 GENERAL FUND</b>			
Total Revenue	\$ 68,562,451	\$ 68,562,447	\$ 4
Total Expenditures	66,220,913	66,220,912	1
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	763,396	763,395	1
<i>Restricted:</i>			
401 Student Activities	91,601	91,600	1
402 Scholarships	-	-	-
403 Staff Development	-	-	-
407 Capital Project Levy	-	-	-
408 Cooperative Programs	-	-	-
413 Projects Funded by COP	-	-	-
414 Operating Debt	-	-	-
416 Levy Reduction	-	-	-
417 Taconite Building Maintenance	-	-	-
424 Operating Capital	1,247,247	1,247,247	-
426 \$25 Taconite	-	-	-
427 Disabled Accessibility	-	-	-
428 Learning and Development	-	-	-
434 Area Learning Center	533,574	533,574	-
435 Contracted Alternative Programs	-	-	-
436 State-Approved Alternative Programs	-	-	-
438 Gifted and Talented	-	-	-
440 Teacher Development and Evaluations	-	-	-
441 Basic Skills Programs	610,933	610,932	1
445 Career and Technical Programs	-	-	-
448 Achievement and Integration	54,015	54,015	-
449 Safe Schools Crime Levy	74,368	74,368	-
451 QZAB Payments	-	-	-
452 OPEB Liability Not Held in Trust	-	-	-
459 Basic Skills Extended Time	-	-	-
467 LTFM	3,374,374	3,374,374	-
472 Medical Assistance	1,218,799	1,218,799	-
464 Restricted Fund Balance	-	-	-
<i>Committed:</i>			
418 Committed for Separation	-	-	-
461 Committed Fund Balance	500,000	500,000	-
<i>Assigned:</i>			
462 Assigned Fund Balance	692,308	692,308	-
<i>Unassigned:</i>			
422 Unassigned Fund Balance	8,242,079	8,242,080	(1)
<b>02 FOOD SERVICE</b>			
Total Revenue	3,532,232	3,532,231	1
Total Expenditures	3,451,363	3,451,364	(1)
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	43,739	43,739	-
<i>Restricted:</i>			
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	1,389,624	1,389,623	1
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
<b>04 COMMUNITY SERVICE</b>			
Total Revenue	3,547,688	3,547,687	1
Total Expenditures	3,379,684	3,379,684	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	1,991	1,991	-
<i>Restricted:</i>			
426 \$25 Taconite	-	-	-
431 Community Education	636,389	636,389	-
432 E.C.F.E.	81,435	81,435	-
440 Teacher Development and Evaluations	-	-	-
444 School Readiness	852,394	852,394	-
447 Adult Basic Education	220,201	220,201	-
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	46,104	46,104	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS  
COMPLIANCE TABLE (CONTINUED)  
JUNE 30, 2023**

	AUDIT	UFARS	DIFFERENCE
<b>06 BUILDING CONSTRUCTION</b>			
Total Revenue	\$ 2,027,276	\$ 2,027,276	\$ -
Total Expenditures	54,871,100	54,871,102	(2)
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	8,672	8,672	-
<i>Restricted:</i>			
407 Capital Projects Levy	-	-	-
409 Alternative Facility Program	-	-	-
413 Projects Funded by COP	-	-	-
467 LTFM	-	-	-
464 Restricted Fund Balance	31,957,577	31,957,575	2
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
<b>07 DEBT SERVICE</b>			
Total Revenue	9,624,918	9,624,916	2
Total Expenditures	9,309,827	9,309,825	2
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
425 Bond Refunding	-	-	-
451 QZAB and QSCB Payments	-	-	-
464 Restricted Fund Balance	2,052,589	2,052,589	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
<b>08 TRUST</b>			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Net Position:</i>			
422 Net Position	-	-	-
<b>18 CUSTODIAL FUND</b>			
Total Revenue	9,163	9,162	1
Total Expenditures	8,179	8,178	1
<i>Net Position:</i>			
401 Student Activities	-	-	-
402 Scholarships	-	-	-
448 Achievement & Integration	-	-	-
464 Restricted Fund Balance	5,328	5,328	-
<b>20 INTERNAL SERVICE</b>			
Total Revenue	9,849,882	9,849,882	-
Total Expenditures	8,371,103	8,371,103	-
<i>Net Position:</i>			
422 Net Position	1,754,746	1,754,745	1
<b>25 OPEB REVOCABLE TRUST</b>			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Net Position:</i>			
422 Net Position	-	-	-
<b>45 OPEB IRREVOCABLE TRUST</b>			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Net Position:</i>			
422 Net Position	-	-	-
<b>47 OPEB DEBT SERVICE</b>			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
425 Bond Refunding	-	-	-
464 Restricted Fund Balance	-	-	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-

## STATISTICAL SECTION

<b>Contents</b>	<b>Page</b>
<b>Financial Trends Information</b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	<b>105-130</b>
<b>Revenue Capacity Information</b> These schedules contain information to help the reader asses the District's most significant local revenue source, the property tax.	<b>131-139</b>
<b>Debt Capacity Information</b> 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.	<b>140-145</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	<b>146-148</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	<b>149-160</b>

Sources: Unless otherwise noted, the information in these schedules is derived from the Independent Auditors' Report for the relevant year.

## **FINANCIAL TRENDS INFORMATION**

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>GOVERNMENTAL ACTIVITIES:</b>				
Net Investment in Capital Assets	\$ 36,456,101	\$ 34,000,432	\$ 30,158,333	\$ 27,801,926
Restricted	35,039,606	32,323,584	30,265,629	27,455,384
Unrestricted	(40,937,260)	(54,094,040)	(58,693,803)	(55,746,460)
<b>Total Net Position</b>	<b><u>\$ 30,558,447</u></b>	<b><u>\$ 12,229,976</u></b>	<b><u>\$ 1,730,159</u></b>	<b><u>\$ (489,150)</u></b>

Source: Independent Auditors' Report

\*\* The District adopted the provisions of Governmental Accounting Standards Board (GASB) Statements 68 and 71 for the year ended June 30, 2015. Accordingly, this change in principle resulted in the restatement of beginning net position related to the recognition of the District's proportionate share of the Public Employees' Retirement Association and Teacher's Retirement Association net pension liabilities.

\*\*\* The District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 73 for the year ended June 30, 2017. Accordingly, this change in principle resulted in the restatement of beginning net position related to the recognition of the total pension liability of the District's Supplemental Pension Benefit Plan.

\*\*\*\* The District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 75 for the year ended June 30, 2018. Accordingly, this change in principle resulted in the restatement of beginning net position related to the recognition of the other postemployment benefits payable liability.

**OWATONNA PUBLIC SCHOOLS  
 INDEPENDENT SCHOOL DISTRICT NO. 761  
 NET POSITION BY COMPONENT (CONTINUED)  
 LAST TEN FISCAL YEARS  
 (ACCRUAL BASIS OF ACCOUNTING)  
 (UNAUDITED)**

<u>2019</u>	<sup>****</sup> <u>2018</u>	<sup>***</sup> <u>2017</u>	<u>2016</u>	<sup>**</sup> <u>2015</u>	<u>2014</u>
\$ 25,775,466	\$ 25,321,667	\$ 22,440,420	\$ 21,078,576	\$ 20,932,061	\$ 19,161,911
6,077,521	4,406,926	3,237,576	2,249,861	2,687,436	2,237,866
(51,028,335)	(61,929,953)	(44,748,825)	(30,364,858)	(31,099,684)	(574,936)
<b><u>\$ (19,175,348)</u></b>	<b><u>\$ (32,201,360)</u></b>	<b><u>\$ (19,070,829)</u></b>	<b><u>\$ (7,036,421)</u></b>	<b><u>\$ (7,480,187)</u></b>	<b><u>\$ 20,824,841</u></b>

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
GOVERNMENT-WIDE EXPENSES, PROGRAM REVENUES, AND NET  
(EXPENSE) REVENUE  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>EXPENSES:</b>				
Governmental Activities:				
Administration	\$ 1,871,908	\$ 2,088,421	\$ 2,304,302	\$ 2,251,227
District Support Services	3,029,792	2,677,421	3,165,076	2,959,470
Regular Instruction	24,406,252	31,384,959	34,812,756	34,676,460
Vocational Education Instruction	729,725	1,058,650	1,089,608	1,227,900
Special Education Instruction	11,243,145	13,217,915	13,637,375	14,063,277
Instructional Support Services	3,173,062	3,087,273	3,337,203	3,207,316
Pupil Support Services	6,058,590	5,270,182	5,376,237	5,182,090
Sites and Buildings	6,507,966	5,620,889	5,966,005	6,907,113
Fiscal and Other Fixed Cost Programs	248,015	232,132	223,761	205,210
Food Service	3,418,305	3,421,222	2,516,655	2,788,688
Community Service	3,208,318	3,446,605	3,158,412	3,281,550
Interest and Fiscal Charges on Long-Term Liabilities	4,031,981	3,633,975	4,469,616	2,695,394
<b>Total Government-Wide Expenses</b>	<u>67,927,059</u>	<u>75,139,644</u>	<u>80,057,006</u>	<u>79,445,695</u>
<b>PROGRAM REVENUES:</b>				
Governmental Activities:				
Charges for Services:				
District Support Services	34,385	37,845	28,020	-
Regular Instruction	475,034	452,480	297,570	341,507
Special Education Instruction	595,652	833,673	694,373	615,636
Instructional Support Services	1,472	2,303	-	-
Sites and Buildings	15,730	15,114	7,970	23,915
Food Service	1,050,721	187,991	47,391	849,937
Community Service	633,211	582,755	476,346	750,337
Operating Grants and Contributions	23,928,812	26,417,203	22,948,726	21,164,673
Capital Grants and Contributions	2,026,129	2,039,598	2,706,758	24,122,013
<b>Total Government-Wide Program Revenues</b>	<u>28,761,146</u>	<u>30,568,962</u>	<u>27,207,154</u>	<u>47,868,018</u>
<b>Total Government-Wide Net Expense</b>	<u><b>\$ (39,165,913)</b></u>	<u><b>\$ (44,570,682)</b></u>	<u><b>\$ (52,849,852)</b></u>	<u><b>\$ (31,577,677)</b></u>

Source: Independent Auditors' Report



**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
GOVERNMENT-WIDE EXPENSES, PROGRAM REVENUES, AND NET  
(EXPENSE) REVENUE (CONTINUED)  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

2019	2018	2017	2016	2015	2014
\$ 1,603,607	\$ 2,609,603	\$ 2,963,994	\$ 2,214,892	\$ 1,962,158	\$ 1,895,700
2,711,024	2,737,804	2,797,265	2,490,625	2,651,016	2,112,832
22,816,196	37,380,547	36,455,830	25,985,184	24,983,484	22,903,003
740,965	1,410,958	1,473,429	1,024,380	963,470	879,531
9,512,823	15,644,812	15,709,996	11,877,751	9,794,757	9,070,850
2,320,004	3,573,685	3,412,259	2,711,883	2,232,335	2,071,416
4,658,190	5,279,376	5,195,714	3,980,170	3,868,506	3,721,881
6,362,997	4,930,141	6,888,572	6,152,761	5,315,351	4,906,176
136,438	182,457	131,805	164,374	161,149	125,231
2,969,206	2,987,795	2,935,602	2,875,779	2,867,876	2,584,227
3,013,798	3,544,540	3,401,735	3,002,921	2,728,023	2,912,620
<u>2,005,134</u>	<u>2,101,446</u>	<u>2,213,904</u>	<u>906,867</u>	<u>54,965</u>	<u>224,363</u>
<u>58,850,382</u>	<u>82,383,164</u>	<u>83,580,105</u>	<u>63,387,587</u>	<u>57,583,090</u>	<u>53,407,830</u>
2,516	-	-	-	-	-
405,950	425,232	472,185	445,947	538,156	536,263
288,173	259,586	814,087	334,202	269,575	210,772
30,498	18,495	21,191	33,080	48,014	41,199
1,159,703	1,183,602	1,193,555	1,233,859	1,263,543	1,178,313
866,970	871,314	989,669	817,215	772,640	738,720
17,365,383	19,118,955	19,306,364	18,249,598	16,208,948	15,283,318
2,028,735	1,710,180	1,293,398	816,942	1,344,754	814,588
<u>22,147,928</u>	<u>23,587,364</u>	<u>24,090,449</u>	<u>21,930,843</u>	<u>20,445,630</u>	<u>18,803,173</u>
<u><b>\$ (36,702,454)</b></u>	<u><b>\$ (58,795,800)</b></u>	<u><b>\$ (59,489,656)</b></u>	<u><b>\$ (41,456,744)</b></u>	<u><b>\$ (37,137,460)</b></u>	<u><b>\$ (34,604,657)</b></u>

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
GOVERNMENT-WIDE GENERAL REVENUES AND  
TOTAL CHANGE IN NET POSITION  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Net (Expense)/Revenue</b>				
Total Government-Wide Net Expense (1)	\$ (39,165,913)	\$ (44,570,682)	\$ (52,849,852)	\$ (31,577,677)
<b>General Revenues and Changes in Net Position</b>				
Governmental Activities:				
Property Taxes Levied for:				
General Purposes	8,335,182	8,887,181	7,995,701	7,420,119
Community Service	312,944	300,895	307,803	302,947
Debt Service	8,423,673	8,277,694	8,904,845	5,323,363
State Aid Not Restricted to				
Specific Purposes	37,760,773	37,517,553	36,652,412	36,096,402
Earnings (Loss) on Investments	2,420,776	(229,449)	956,596	691,219
Gain on Sale of Fixed Assets	15,443	-	13,366	-
Miscellaneous	225,593	316,625	238,438	201,003
<b>Total General Revenues</b>	<b><u>57,494,384</u></b>	<b><u>55,070,499</u></b>	<b><u>55,069,161</u></b>	<b><u>50,035,053</u></b>
<b>Total Government-Wide</b>	<b><u>\$ 18,328,471</u></b>	<b><u>\$ 10,499,817</u></b>	<b><u>\$ 2,219,309</u></b>	<b><u>\$ 18,457,376</u></b>

(1) See previous page for these numbers.

Source: Independent Auditors' Report

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
GOVERNMENT-WIDE GENERAL REVENUES AND  
TOTAL CHANGE IN NET POSITION (CONTINUED)  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ (36,702,454)	\$ (58,795,800)	\$ (59,489,656)	\$ (41,456,744)	\$ (37,137,460)	\$ (34,604,657)
6,827,834	6,766,704	6,494,953	6,031,626	6,107,724	3,179,245
306,821	306,774	309,761	311,480	315,344	159,876
5,506,697	6,000,116	6,120,304	2,248,429	2,260,549	2,236,767
35,825,372	34,366,105	33,961,847	32,843,509	31,890,460	31,572,695
529,214	406,016	651,836	171,188	13,374	3,874
38,050	-	-	-	-	32,886
694,478	330,548	532,475	294,278	530,243	159,462
<b><u>49,728,466</u></b>	<b><u>48,176,263</u></b>	<b><u>48,071,176</u></b>	<b><u>41,900,510</u></b>	<b><u>41,117,694</u></b>	<b><u>37,344,805</u></b>
<b><u>\$ 13,026,012</u></b>	<b><u>\$ (10,619,537)</u></b>	<b><u>\$ (11,418,480)</u></b>	<b><u>\$ 443,766</u></b>	<b><u>\$ 3,980,234</u></b>	<b><u>\$ 2,740,148</u></b>

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
GOVERNMENTAL FUNDS REVENUES  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

	2023	2022	2021	2020	2019
Federal Sources:					
Federal Grants	\$ 4,364,229	\$ 5,397,117	\$ 4,065,673	\$ 2,311,334	\$ 2,470,117
Food Service	<u>2,179,646</u>	<u>3,656,877</u>	<u>2,341,704</u>	<u>1,621,015</u>	<u>1,600,518</u>
Total Federal Sources	<u>6,543,875</u>	<u>9,053,994</u> (8)	<u>6,407,377</u> (7)	<u>3,932,349</u>	<u>4,070,635</u>
State Sources:					
General Education Aid	53,778,768	52,956,192	51,499,349	52,149,563	50,135,866
Food Service	156,495	104,274	33,653	131,913	184,735
Community Service	2,278,626	2,267,622	2,223,071	2,196,243	2,038,823
Debt Service Aid	<u>1,045,772</u>	<u>1,105,868</u>	<u>955,978</u>	<u>493,569</u>	<u>538,078</u> (5)
Total State Sources	<u>57,259,661</u>	<u>56,433,956</u>	<u>54,712,051</u>	<u>54,971,288</u>	<u>52,897,502</u>
Local Sources:					
Property Taxes	17,168,068	17,445,074	17,137,170 (7)	13,030,460	12,655,556
Food Service Sales	1,168,466	332,970	56,085	867,939	1,178,544
Other Revenues	<u>5,154,495</u>	<u>2,620,283</u>	<u>3,153,938</u>	<u>22,835,259</u> (6)	<u>3,058,861</u>
Total Local Sources	<u>23,491,029</u>	<u>20,398,327</u>	<u>20,347,193</u>	<u>36,733,658</u>	<u>16,892,961</u>
<b>Total Revenues</b>	<b><u>\$ 87,294,565</u></b>	<b><u>\$ 85,886,277</u></b>	<b><u>\$ 81,466,621</u></b>	<b><u>\$ 95,637,295</u></b>	<b><u>\$ 73,861,098</u></b>

\* Includes general, food service, community service, capital projects, and debt service funds.

- (1) General Education increased in fiscal year 2014 due to an additional 1.5% increase in the basic formula allowance, additional compensatory revenue, and the payback of the tax shift.
- (2) Property Taxes decreased in fiscal year 2014 due to property tax shift payback which resulted in an increase in general education aid.
- (3) General Education increased in fiscal year 2016 due to an additional \$117 per pupil in the basic formula allowance.
- (4) Property Taxes increased in fiscal year 2017 due to taxes levied for scheduled payments on the 2015A and 2016A G.O. School Building Bonds.
- (5) In fiscal year 2019, the school building bond agricultural credit was enacted by legislation causing a significant increase in debt service aid.
- (6) Other revenues increased significantly in fiscal year 2020 due to a \$20,000,000 donation received from Federated Mutual Insurance Company to help finance the building of a new high school.
- (7) Property taxes increased in fiscal year 2021 due to taxes levied for scheduled payments on the 2020A G.O. School Building Bonds. Federal sources increased due to funds received in response to the COVID-19 pandemic.
- (8) Federal sources increased in fiscal year 2022 due to the spending of funds received in response to the COVID-19 pandemic and increased meals participations as well as increases in the rates received for each free meal served.

Source: Independent Auditors' Report

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
GOVERNMENTAL FUNDS REVENUES (CONTINUED)  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 2,653,541	\$ 2,037,055	\$ 1,823,109	\$ 1,766,772	\$ 1,713,004
<u>1,564,463</u>	<u>1,567,270</u>	<u>1,532,244</u>	<u>1,440,115</u>	<u>1,230,098</u>
<u>4,218,004</u>	<u>3,604,325</u>	<u>3,355,353</u>	<u>3,206,887</u>	<u>2,943,102</u>
48,363,332	47,090,815	46,377,303 (3)	43,665,805	42,325,660 (1)
174,164	171,047	175,629	186,792	121,883
2,117,566	1,921,960	1,787,768	1,651,148	1,768,739
<u>69,316</u>	<u>70,069</u>	<u>38,174</u>	<u>28,265</u>	<u>28,376</u>
<u>50,724,378</u>	<u>49,253,891</u>	<u>48,378,874</u>	<u>45,532,010</u>	<u>44,244,658</u>
13,080,919	12,899,196 (4)	8,598,217	8,724,362	5,575,389 (2)
1,193,958	1,198,152	1,233,859	1,263,543	1,278,313
<u>2,472,825</u>	<u>3,437,236</u>	<u>2,269,903</u>	<u>2,377,233</u>	<u>1,907,890</u>
<u>16,747,702</u>	<u>17,534,584</u>	<u>12,101,979</u>	<u>12,365,138</u>	<u>8,761,592</u>
<u><b>\$ 71,690,084</b></u>	<u><b>\$ 70,392,800</b></u>	<u><b>\$ 63,836,206</b></u>	<u><b>\$ 61,104,035</b></u>	<u><b>\$ 55,949,352</b></u>

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

	2023	2022	2021	2020
Administration	\$ 2,199,940	\$ 2,148,624	\$ 2,115,306	\$ 2,053,823
District Support Services	2,743,130	2,586,179	2,922,194	2,792,728
Regular Instruction	29,448,671	29,748,049	28,908,695	28,626,458
Vocational Education Instruction	1,046,987	1,112,793	977,931	1,009,197
Special Education Instruction	14,030,556	13,952,087	12,770,411	13,035,688
Instructional Support Services	3,601,708	3,250,728	3,063,054	2,943,927
Pupil Support Services	6,341,791	5,323,160	5,284,361	5,042,481
Sites and Buildings	5,483,946	5,317,635	6,036,854	6,269,186
Fiscal and Other Fixed Cost Programs	248,015	232,132	223,761	205,210
Food Service	3,451,363	3,337,736	2,504,048	2,714,593
Community Service	3,360,985	3,483,707	3,083,480	3,147,196
Capital Outlay	55,843,501	44,679,710	9,709,260	3,981,420
Debt Service:				
Principal	4,889,236	4,676,511	5,033,145	3,777,397
Interest and Fiscal Charges	4,543,058	4,699,721	4,491,257	2,146,354
<b>Total Expenditures</b>	<b><u>\$ 137,232,887</u></b>	<b><u>\$ 124,548,772</u></b>	<b><u>\$ 87,123,757</u></b>	<b><u>\$ 77,745,658</u></b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>11.44%</b>	<b>11.66%</b>	<b>12.24%</b>	<b>7.95%</b>

\* Includes general, food service, community service, capital projects, and debt service funds.

Source: Independent Auditors' Report

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO (CONTINUED)  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

2019	2018	2017	2016	2015	2014
\$ 2,102,128	\$ 1,991,411	\$ 2,307,867	\$ 2,161,376	\$ 1,994,336	\$ 1,858,308
2,554,368	2,109,779	2,184,030	1,953,769	2,007,416	1,534,178
28,458,873	26,546,720	25,337,708	24,484,071	23,404,977	21,594,864
1,106,373	1,000,843	1,028,694	990,356	986,583	851,994
12,908,692	12,281,737	11,891,557	11,656,999	9,909,196	8,945,039
2,904,404	2,883,971	2,717,301	2,662,586	2,231,225	2,041,098
5,000,003	4,879,388	4,710,045	3,915,037	3,833,825	3,638,496
5,691,862	5,224,579	5,421,044	4,946,245	5,371,578	5,225,798
136,438	182,457	131,805	164,374	161,149	125,231
2,885,984	2,863,630	2,772,475	2,819,989	2,815,798	2,518,030
3,221,435	3,233,767	3,053,274	2,952,143	2,728,387	2,871,959
10,321,810	37,366,787	26,814,514	3,768,015	2,976,204	1,878,653
4,057,810	3,981,171	4,009,914	2,633,549	2,460,000	2,575,000
2,224,291	2,311,825	2,340,073	153,625	90,496	117,119
<b>\$ 83,574,471</b>	<b>\$ 106,858,065</b>	<b>\$ 94,720,301</b>	<b>\$ 65,262,134</b>	<b>\$ 60,971,170</b>	<b>\$ 55,775,767</b>
<b>8.58%</b>	<b>9.06%</b>	<b>9.35%</b>	<b>4.53%</b>	<b>4.40%</b>	<b>4.99%</b>

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
OTHER FINANCING SOURCES AND USES AND  
NET CHANGE IN FUND BALANCES  
GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Total Revenues (1)</b>	\$ 87,294,565	\$ 85,886,277	\$ 81,466,621	\$ 95,637,295
<b>Total Expenditures (2)</b>	<u>137,232,887</u>	<u>124,548,772</u>	<u>87,123,757</u>	<u>77,745,658</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(49,938,322)	(38,662,495)	(5,657,136)	17,891,637
<b>Other Financing Sources (Uses)</b>				
Lease Liability Issuance	30,507	-	55,861	-
Subscription Liability Issuance	142,870	-	-	-
Judgments for School Districts	-	-	-	-
Sale of Equipment	15,443	11,890	41,508	13,944
Insurance Recovery	-	-	-	45,985
Certificates of Participation Premium	-	-	-	-
Sale of Bonds	-	-	-	110,030,000 (7)
Bond Premium	-	-	-	3,232,907
Payment to Refunded Bond Escrow Agent	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>188,820</u>	<u>11,890</u>	<u>97,369</u>	<u>113,322,836</u>
<b>Net Change in Fund Balances</b>	<u>\$ (49,749,502)</u>	<u>\$ (38,650,605)</u>	<u>\$ (5,559,767)</u>	<u>\$ 131,214,473</u>

\* Includes general, food service, community service, capital projects - building construction, and debt service funds.

(1) From Governmental Funds Revenues spreadsheet.

(2) From Governmental Funds Expenditures and Debt Service Ratio spreadsheet.

(3) Insurance recovery due to a fire in the High School Auditorium.

(4) Bond proceeds from a bond referendum passed in November 2015.

(5) Insurance recovery due to water damage to the gymnasium floor at the high school.

(6) Insurance recovery due to storm damage to the District's agricultural building and a driver's ed vehicle involved in a collision

(7) Bond proceeds from a bond referendum passed in November 2019 to build a new high school and renovate the existing high school.

Source: Independent Auditor's Report



**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
OTHER FINANCING SOURCES AND USES AND  
NET CHANGE IN FUND BALANCES (CONTINUED)  
GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 73,861,098	\$ 71,690,084	\$ 70,392,800	\$ 63,836,206	\$ 61,104,035	\$ 55,949,352
<u>83,575,471</u>	<u>106,858,065</u>	<u>94,720,301</u>	<u>65,262,134</u>	<u>60,971,170</u>	<u>55,775,767</u>
(9,714,373)	(35,167,981)	(24,327,501)	(1,425,928)	132,865	173,585
127,085	-	-	103,681	559,889	-
-	-	-	-	-	-
-	-	-	999	-	4,800
57,152	25,505	42,327	57,660	60,750	32,886
13,334 (6)	48,347 (5)	195,132 (5)	-	499,745 (3)	160,339 (3)
-	-	-	-	-	-
-	-	-	75,185,000 (4)	-	-
-	-	-	3,659,835	-	-
-	-	-	-	-	-
<u>197,571</u>	<u>73,852</u>	<u>237,459</u>	<u>79,007,175</u>	<u>1,120,384</u>	<u>198,025</u>
<u>\$ (9,516,802)</u>	<u>\$ (35,094,129)</u>	<u>\$ (24,090,042)</u>	<u>\$ 77,581,247</u>	<u>\$ 1,253,249</u>	<u>\$ 371,610</u>

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
GENERAL SCHOOL SYSTEM REVENUES BY SOURCE  
GOVERNMENT WIDE  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Revenues	Total
2014	\$ 2,705,267 5%	\$ 15,283,318 27%	\$ 814,588 1%	\$ 37,344,805 67%	\$ 56,147,978 100%
2015	2,891,928 5%	16,208,948 26%	1,344,754 2%	41,117,694 67%	61,563,324 100%
2016	2,864,303 4%	18,249,598 29%	816,942 1%	41,900,510 66%	63,831,353 100%
2017	3,490,687 5%	19,306,364 27%	1,293,398 2%	48,071,176 66%	72,161,625 100%
2018	2,758,229 4%	19,118,955 27%	1,710,180 2%	48,176,263 67%	71,763,627 100%
2019	2,753,810 4%	17,365,383 24%	2,028,735 3%	49,728,466 69%	71,876,394 100%
2020	2,581,332 3%	21,164,673 22%	24,122,013 25%	50,035,053 50%	97,903,071 100%
2021	1,551,670 2%	22,948,726 28%	2,706,758 3%	55,069,161 67%	82,276,315 100%
2022	2,112,161 2%	26,417,203 31%	2,039,598 2%	55,070,499 65%	85,639,461 100%
2023	2,806,205 3%	23,928,812 28%	2,026,129 2%	57,494,384 67%	86,255,530 100%

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
GENERAL SCHOOL SYSTEM REVENUES BY SOURCE  
FUND LEVEL  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year		Local Property Tax Levies	Other Local Sources	State Sources	Federal Sources	Total Revenues
2014	(1)	\$ 5,575,389 10%	\$ 3,186,203 6%	\$ 44,244,658 79%	\$ 2,943,102 5%	\$ 55,949,352 100%
2015	(2)	8,724,362 14%	3,640,776 6%	45,532,010 75%	3,206,887 5%	61,104,035 100%
2016	(3)	8,598,217 13%	3,503,762 6%	48,378,874 76%	3,355,353 5%	63,836,206 100%
2017	(4)	12,899,196 18%	4,635,388 7%	49,253,891 70%	3,604,325 5%	70,392,800 100%
2018		13,080,919 18%	3,666,783 5%	50,724,378 71%	4,218,004 6%	71,690,084 100%
2019		12,655,556 17%	4,237,405 5%	52,897,502 72%	4,070,635 6%	73,861,098 100%
2020	(5)	13,030,460 14%	23,703,198 25%	54,971,288 57%	3,932,349 4%	95,637,295 100%
2021	(6)	17,137,170 21%	3,210,023 4%	54,712,051 67%	6,407,377 8%	81,466,621 100%
2022	(7)	17,445,074 20%	2,953,253 3%	56,433,956 66%	9,053,994 11%	85,886,277 100%
2023		17,168,068 20%	6,322,961 7%	57,259,661 66%	6,543,875 7%	87,294,565 100%

\* Includes general, food service, community service, capital projects - building construction, and debt service funds.

- (1) Property Taxes decreased in fiscal year 2014. During Fiscal Year 2014 there was a tax shift payback which resulted in a reduction of property taxes and an offsetting increase to State Aids of \$2,305,142.
- (2) Property Taxes increased in fiscal year 2015. During Fiscal Year 2014 there was a tax shift payback which resulted in a reduction of property taxes and an offsetting increase to State Aids.
- (3) State Aid increased by \$117 per pupil in fiscal year 2016.
- (4) Property Taxes increased in fiscal year 2017 due to taxes levied for scheduled payments on the 2015A and 2016A G.O. School Building Bonds.
- (5) Other revenues increased significantly in fiscal year 2020 due to a \$20,000,000 donation received from Federated Mutual Insurance Company to help finance the building of a new high school.
- (6) Property Taxes increased in fiscal year 2021 due to taxes levied for scheduled payments on the 2020A G.O. School Building Bonds. Federal sources increased due to funds received in response to the COVID-19 pandemic.
- (7) State aid increased in fiscal year 2022 due to an increase in enrollment and the formula allowance, increase special education aid, and the district qualifying for debt service equalization aid. Federal sources increased in fiscal year 2022 due to the spending of funds received in response to the COVID-19

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
GENERAL SCHOOL SYSTEM EXPENSES BY FUNCTION  
GOVERNMENT WIDE  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	Administration	District Support Services	Regular Instruction	Vocational Education Instruction	Special Education Instruction	Instructional Support Services
2014	\$ 1,895,700 4%	\$ 2,112,832 4%	\$ 22,903,003 43%	\$ 879,531 2%	\$ 9,070,850 17%	\$ 2,071,416 4%
2015	1,962,158 3%	2,651,016 5%	24,983,484 43%	963,470 2%	9,794,757 17%	2,232,335 4%
2016	2,214,892 3%	2,490,625 4%	25,985,184 41%	1,024,380 2%	11,877,751 19%	2,711,883 4%
2017	2,963,994 4%	2,797,265 3%	36,455,830 44%	1,473,429 2%	15,709,996 19%	3,412,259 4%
2018	2,609,603 3%	2,737,804 3%	37,380,547 45%	1,410,958 2%	15,644,812 19%	3,573,685 4%
2019	1,603,607 3%	2,711,024 5%	22,816,196 39%	740,965 1%	9,512,823 16%	2,320,004 4%
2020	2,251,227 3%	2,959,470 4%	34,676,460 43%	1,227,900 2%	14,063,277 17%	3,207,316 4%
2021	2,304,302 3%	3,165,076 4%	34,812,756 44%	1,089,608 1%	13,637,375 17%	3,337,203 4%
2022	2,088,421 3%	2,677,421 4%	31,384,959 42%	1,058,650 1%	13,217,915 18%	3,087,273 4%
2023	1,871,908 3%	3,029,792 4%	24,406,252 35%	729,725 1%	11,243,145 17%	3,173,062 5%

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
GENERAL SCHOOL SYSTEM EXPENSES BY FUNCTION (CONTINUED)  
GOVERNMENT WIDE  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Pupil Support Services	Sites and Buildings	Fiscal and Other Fixed Cost Programs	Food Service	Community Service	Interest and Fiscal Charges on Long-term Liabilities	Total
\$ 3,721,881 7%	\$ 4,906,176 9%	\$ 125,231 0%	\$ 2,584,227 5%	\$ 2,912,620 5%	\$ 224,363 0%	\$ 53,407,830 100%
3,868,506 7%	5,315,351 9%	161,149 0%	2,867,876 5%	2,728,023 5%	54,965 0%	57,583,090 100%
3,980,170 6%	6,152,761 10%	164,374 0%	2,875,779 5%	3,002,921 5%	906,867 1%	63,387,587 100%
5,195,714 6%	6,888,572 8%	131,805 0%	2,935,602 3%	3,401,735 4%	2,213,904 3%	83,580,105 100%
5,279,376 7%	4,930,141 6%	182,457 0%	2,987,795 4%	3,544,540 4%	2,101,446 3%	82,383,164 100%
4,658,190 8%	6,362,997 11%	136,438 0%	2,969,206 5%	3,013,798 5%	2,005,134 3%	58,850,382 100%
5,182,090 7%	6,907,113 9%	205,210 0%	2,788,688 4%	3,281,550 4%	2,695,394 3%	79,445,695 100%
5,376,237 7%	5,966,005 7%	223,761 0%	2,516,655 3%	3,158,412 4%	4,469,616 6%	80,057,006 100%
5,270,182 7%	5,620,889 7%	232,132 0%	3,421,222 5%	3,446,605 5%	3,633,975 5%	75,139,644 100%
6,058,590 9%	6,507,966 10%	248,015 0%	3,418,305 5%	3,208,318 5%	4,031,981 6%	67,927,059 100%

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
GENERAL SCHOOL SYSTEM EXPENSES BY FUNCTION  
FUND LEVEL  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	Administration	District Support Services	Regular Instruction	Vocational Education Instruction	Special Education Instruction	Instructional Support Services
2014	\$ 1,858,308 3%	\$ 1,534,178 3%	\$ 21,594,864 39%	\$ 851,994 2%	\$ 8,945,039 16%	\$ 2,041,098 4%
2015	1,994,336 3%	2,007,416 3%	23,404,977 38%	986,583 2%	9,909,196 17%	2,231,225 4%
2016	2,161,376 3%	1,953,769 3%	24,484,071 38%	990,356 2%	11,656,999 18%	2,662,586 4%
2017	2,307,867 2%	2,184,030 2%	25,337,708 27%	1,028,694 1%	11,891,557 13%	2,717,301 3%
2018	1,991,411 2%	2,109,779 2%	26,546,720 25%	1,000,843 1%	12,281,737 11%	2,883,971 3%
2019	2,102,128 3%	2,554,368 3%	28,458,873 34%	1,106,373 1%	12,908,692 16%	2,904,404 3%
2020	2,053,823 3%	2,792,728 4%	28,626,458 36%	1,009,197 1%	13,035,688 18%	2,943,927 4%
2021	2,115,306 2%	2,922,194 3%	28,908,695 33%	977,931 1%	12,770,411 15%	3,063,054 4%
2022	2,148,624 2%	2,586,179 2%	29,748,049 24%	1,112,793 1%	13,952,087 11%	3,250,728 3%
2023	2,199,940 2%	2,743,130 2%	29,448,671 21%	1,046,987 1%	14,030,556 10%	3,601,708 3%

\* Includes general, food service, community service, capital projects - building construction, and debt service funds.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
GENERAL SCHOOL SYSTEM EXPENSES BY FUNCTION (CONTINUED)  
FUND LEVEL  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<u>Pupil Support Services</u>	<u>Sites and Buildings</u>	<u>Fiscal and Other Fixed Cost Programs</u>	<u>Food Service</u>	<u>Community Service</u>	<u>Capital Outlay and Building Construction</u>	<u>Debt Service</u>	<u>Total Expenditures</u>
\$ 3,638,496 7%	\$ 5,225,798 9%	\$ 125,231 0%	\$ 2,518,030 4%	\$ 2,871,959 5%	\$ 1,878,653 3%	\$ 2,692,119 5%	\$ 55,775,767 100%
3,833,825 6%	5,371,578 9%	161,149 0%	2,815,798 5%	2,728,387 4%	2,976,204 5%	2,550,496 4%	60,971,170 100%
3,915,037 6%	4,946,245 8%	164,374 0%	2,819,989 4%	2,952,143 4%	3,768,015 6%	2,787,174 4%	65,262,134 100%
4,710,045 5%	5,421,044 6%	131,805 0%	2,772,475 3%	3,053,274 3%	26,814,514 28%	6,349,987 7%	94,720,301 100%
4,879,388 4%	5,224,579 5%	182,457 0%	2,863,630 3%	3,233,767 3%	37,366,787 35%	6,292,996 6%	106,858,065 100%
5,000,003 6%	5,691,862 7%	136,438 0%	2,885,984 3%	3,221,435 4%	10,321,810 12%	6,283,101 8%	83,575,471 100%
5,042,481 6%	6,269,186 8%	205,210 0%	2,714,593 3%	3,147,196 4%	3,981,420 5%	5,923,751 8%	77,745,658 100%
5,284,361 6%	6,036,854 7%	223,761 0%	2,504,048 3%	3,083,480 4%	9,709,260 11%	9,524,402 11%	87,123,757 100%
5,323,160 4%	5,317,635 4%	232,132 0%	3,337,736 3%	3,483,707 3%	44,679,710 35%	9,376,232 8%	124,548,772 100%
6,341,791 5%	5,483,946 4%	248,015 0%	3,451,363 3%	3,360,985 2%	55,843,501 40%	9,432,294 7%	137,232,887 100%

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
STATEMENT OF REVENUES AND EXPENDITURES  
GENERAL FUND  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

	2023	2022	2021	2020
<b><u>REVENUES</u></b>				
Local Property Tax Levies	\$ 8,372,435	\$ 8,880,240	\$ 7,967,821	\$ 7,411,493
Other Local Sources	2,245,866	2,103,666	1,473,568	1,543,378
State Sources	53,778,768	52,956,192	51,499,349	52,149,563
Federal Sources	4,165,382	4,997,071	3,936,288	2,165,753
<b>TOTAL REVENUES</b>	<b>68,562,451</b>	<b>68,937,169</b>	<b>64,877,026</b>	<b>63,270,187</b>
<b><u>EXPENDITURES</u></b>				
<b>CURRENT</b>				
Administration	2,199,940	2,148,624	2,115,306	2,053,823
District Support Services	2,743,130	2,586,179	2,922,194	2,792,728
Regular Instruction	29,448,671	29,748,049	28,908,695	28,626,458
Vocational Education Instruction	1,046,987	1,112,793	977,931	1,009,197
Special Education Instruction	14,030,556	13,952,087	12,770,411	13,035,688
Instructional Support Services	3,601,708	3,250,728	3,063,054	2,943,927
Pupil Support Services	6,341,791	5,323,160	5,284,361	5,042,481
Sites and Buildings	5,483,946	5,317,635	6,036,854	6,269,186
Fiscal and Other Fixed Cost Programs	248,015	232,132	223,761	205,210
Capital Outlay	955,704	1,788,968	1,088,220	298,437
Debt Service (1)	120,465	66,605	49,997	59,799
<b>TOTAL EXPENDITURES</b>	<b>66,220,913</b>	<b>65,526,960</b>	<b>63,440,784</b>	<b>62,336,934</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,341,538</b>	<b>3,410,209</b>	<b>1,436,242</b>	<b>933,253</b>
<b>OTHER FINANCIAL SOURCES (USES)</b>				
Lease Liability Issuance	30,507	-	55,861	-
Subscription Liability Issuance	142,870	-	-	-
Insurance Recovery	-	-	-	45,985
Judgments for School Districts	-	-	-	-
Transfers Out	-	-	-	-
Sale of Equipment	15,443	11,890	41,508	13,944
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>188,820</b>	<b>11,890</b>	<b>97,369</b>	<b>59,929</b>
Fund Balance - Beginning of Year	14,872,336	11,450,237	9,916,626	8,694,622
Restatement	-	-	-	228,822
Fund Balance - Beginning of Year, Restated	14,872,336	11,450,237	9,916,626	8,923,444
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 17,402,694</b>	<b>\$ 14,872,336</b>	<b>\$ 11,450,237</b>	<b>\$ 9,916,626</b>

(1) Debt Service payments are for the three lease liabilities the District has related to the leasing of various copy machines. 2016-2019 debt service payments also included lease payments for portable classrooms.

(2) In FY 14 there was a property tax shift payback which led to a decrease in property taxes and an increase in state aid.



**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
STATEMENT OF REVENUES AND EXPENDITURES (CONTINUED)  
GENERAL FUND  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

2019	2018	2017	2016	2015	2014
\$ 6,836,522	\$ 6,773,102	\$ 6,498,033	\$ 6,048,854	\$ 6,126,535	\$ 3,154,143 (2)
1,838,255	1,229,255	1,781,327	1,290,274	1,556,172	1,158,558
50,135,866	48,363,332	47,090,815	46,377,303	43,665,805	42,325,660
2,393,682	2,580,989	1,935,377	1,726,973	1,696,897	1,643,853
<b>61,204,325</b>	<b>58,946,678</b>	<b>57,305,552</b>	<b>55,443,404</b>	<b>53,045,409</b>	<b>48,282,214</b>
2,102,128	1,991,411	2,307,867	2,161,376	1,994,336	1,858,308
2,554,368	2,109,779	2,184,030	1,953,769	2,007,416	1,534,178
28,458,873	26,546,720	25,337,708	24,484,071	23,404,977	21,594,864
1,106,373	1,000,843	1,028,694	990,356	986,583	851,994
12,908,692	12,281,737	11,891,557	11,656,999	9,909,196	8,945,039
2,904,404	2,883,971	2,717,301	2,662,586	2,231,225	2,041,098
5,000,003	4,879,388	4,710,045	3,915,037	3,833,825	3,638,496
5,691,862	5,224,579	5,421,044	4,946,245	5,371,578	5,225,798
136,438	182,457	131,805	164,374	161,149	125,231
579,982	852,880	749,579	1,168,002	2,895,834	1,067,970
414,951	423,044	481,891	476,695	245,801	225,000
<b>61,858,074</b>	<b>58,376,809</b>	<b>56,961,521</b>	<b>54,579,510</b>	<b>53,041,920</b>	<b>47,107,976</b>
<b>(653,749)</b>	<b>569,869</b>	<b>344,031</b>	<b>863,894</b>	<b>3,489</b>	<b>1,174,238</b>
127,085	-	-	103,681	559,889	-
-	-	-	-	-	-
13,334	48,347	195,132	-	499,745	160,339
-	-	-	999	-	4,800
(19,000)	-	-	(10,791)	(1,603)	(127,494)
57,152	25,505	42,327	57,660	60,750	32,886
<b>178,571</b>	<b>73,852</b>	<b>237,459</b>	<b>151,549</b>	<b>1,118,781</b>	<b>70,531</b>
<b>9,169,800</b>	<b>8,526,079</b>	<b>7,944,589</b>	<b>6,929,146</b>	<b>5,806,876</b>	<b>4,562,107</b>
-	-	-	-	-	-
<b>9,169,800</b>	<b>8,526,079</b>	<b>7,944,589</b>	<b>6,929,146</b>	<b>5,806,876</b>	<b>4,562,107</b>
<b>\$ 8,694,622</b>	<b>\$ 9,169,800</b>	<b>\$ 8,526,079</b>	<b>\$ 7,944,589</b>	<b>\$ 6,929,146</b>	<b>\$ 5,806,876</b>

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
GENERAL FUND COMPARED TO THE PRIOR YEAR  
FISCAL YEARS ENDED, JUNE 30  
(UNAUDITED)**

	<u>2023</u>	<u>2022</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Inc./(Dec.)</u>
<b><u>REVENUES</u></b>				
Local Property Tax Levies	\$ 8,372,435	\$ 8,880,240	\$ (507,805)	(5.72)%
Other Local Sources	2,245,866	2,103,666	142,200	6.76
State Sources	53,778,768	52,956,192	822,576	1.55
Federal Sources	4,165,382	4,997,071	(831,689)	(16.64)
<b>TOTAL REVENUES</b>	<b><u>68,562,451</u></b>	<b><u>68,937,169</u></b>	<b><u>(374,718)</u></b>	<b><u>(0.54)</u></b>
<b><u>EXPENDITURES</u></b>				
<b>CURRENT</b>				
Administration	2,199,940	2,148,624	51,316	2.39
District Support Services	2,743,130	2,586,179	156,951	6.07
Regular Instruction	29,448,671	29,748,049	(299,378)	(1.01)
Vocational Education Instruction	1,046,987	1,112,793	(65,806)	(5.91)
Special Education Instruction	14,030,556	13,952,087	78,469	0.56
Instructional Support Services	3,601,708	3,250,728	350,980	10.80
Pupil Support Services	6,341,791	5,323,160	1,018,631	19.14
Sites and Buildings	5,483,946	5,317,635	166,311	3.13
Fiscal and Other Fixed Cost Programs	248,015	232,132	15,883	6.84
Capital Outlay	955,704	1,788,968	(833,264)	(46.58)
Debt Service	120,465	66,605	53,860	80.86
<b>TOTAL EXPENDITURES</b>	<b><u>66,220,913</u></b>	<b><u>65,526,960</u></b>	<b><u>693,953</u></b>	<b><u>1.06</u></b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>2,341,538</b>	<b>3,410,209</b>		
<b>OTHER FINANCING SOURCES</b>				
Lease Liability Issuance	30,507	-		
Subscription Liability Issuance	142,870	-		
Sale of Equipment	15,443	11,890		
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>188,820</b>	<b>11,890</b>		
<b>FUND BALANCES JULY 1:</b>				
Nonspendable	546,887	474,856		
Restricted	6,220,126	4,808,093		
Unassigned	8,105,323	6,167,288		
<b>TOTAL</b>	<b><u>14,872,336</u></b>	<b><u>11,450,237</u></b>		
<b>FUND BALANCES JUNE 30:</b>				
Nonspendable	763,396	546,887		
Restricted	7,204,911	6,220,126		
Unassigned	8,242,079	8,105,323		
Committed	500,000	-		
Assigned	692,308	-		
<b>TOTAL</b>	<b><u>\$ 17,402,694</u></b>	<b><u>\$ 14,872,336</u></b>		

Source: Independent Auditors' Report

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>General Fund</b>				
Nonspendable	\$ 763,396	\$ 546,887	\$ 474,856	\$ 214,828
Restricted	7,204,911	6,220,126	4,808,093	3,802,223
Unassigned	8,242,079	8,105,323	6,167,288	5,899,575
Committed	500,000	-	-	-
Assigned	692,308	-	-	-
<b>Total General Fund</b>	<b><u><u>\$ 17,402,694</u></u></b>	<b><u><u>\$ 14,872,336</u></u></b>	<b><u><u>\$ 11,450,237</u></u></b>	<b><u><u>\$ 9,916,626</u></u></b>
<b>All Other Governmental Funds</b>				
Nonspendable	\$ 54,402	\$ 136,436	\$ 216,564	\$ 109,399
Restricted	37,236,313	89,434,139	131,426,715	138,627,258
<b>Total All Other Governmental Funds</b>	<b><u><u>\$ 37,290,715</u></u></b>	<b><u><u>\$ 89,570,575</u></u></b>	<b><u><u>\$ 131,643,279</u></u></b>	<b><u><u>\$ 138,736,657</u></u></b>

Source: Independent Auditors' Report

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
FUND BALANCES OF GOVERNMENTAL FUNDS (CONTINUED)  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 170,646	\$ 97,649	\$ 167,720	\$ 176,123	\$ 160,773	\$ 238,720
2,527,361	1,507,756	1,077,566	952,611	1,088,555	831,872
5,996,615	7,564,395	7,280,793	6,815,855	5,679,818	4,736,284
-	-	-	-	-	-
-	-	-	-	-	-
<b><u>\$ 8,694,622</u></b>	<b><u>\$ 9,169,800</u></b>	<b><u>\$ 8,526,079</u></b>	<b><u>\$ 7,944,589</u></b>	<b><u>\$ 6,929,146</u></b>	<b><u>\$ 5,806,876</u></b>
\$ 73,967	\$ 67,128	\$ 68,030	\$ 69,367	\$ 68,599	\$ 81,396
8,441,399	17,489,862	53,226,810	78,052,621	1,487,585	1,343,809
<b><u>\$ 8,515,366</u></b>	<b><u>\$ 17,556,990</u></b>	<b><u>\$ 53,294,840</u></b>	<b><u>\$ 78,121,988</u></b>	<b><u>\$ 1,556,184</u></b>	<b><u>\$ 1,425,205</u></b>

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
UNASSIGNED GENERAL FUND BALANCE COMPARED TO ANNUAL EXPENDITURES  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	Unassigned Fund Balance	Following Year Expenditures	Balance As Percent of Expenditures
2014	\$ 4,736,284	\$ 53,043,523	8.92%
2015	5,679,818	54,590,301	10.40%
2016	6,815,855	56,961,521	11.96%
2017	7,280,793	58,376,809	12.47%
2018	7,564,395	61,858,074	12.22%
2019	5,996,615	62,336,934	9.61%
2020	5,899,575	64,160,952	9.19%
2021	6,167,288	64,778,667	9.52%
2022	8,105,323	68,454,818	11.84%
2023	8,242,079	79,870,596 (1)	10.32%

(1) Total expenditures from the 2023-24 Preliminary Budget.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
CASH AND INVESTMENT BALANCES BY FUND  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
General Fund without Tax				
General Fund	\$ 18,086,427	\$ 16,672,639	\$ 14,630,757	\$ 12,101,481
Food Service	1,182,831	1,402,856	604,237	555,006
Community Service	2,080,096	1,607,990	1,727,422	1,554,573
Debt Service	5,761,852	5,650,280	5,482,369	4,938,188
Building Construction	43,200,571	90,489,285	131,019,527	135,491,561
Internal Service Fund	2,308,677	1,194,090	1,547,288	329,954
Trust Funds	5,955	4,636	4,648	2,627
<b>TOTAL</b>	<b><u>\$ 72,626,409</u></b>	<b><u>\$ 117,021,776</u></b>	<b><u>\$ 155,016,248</u></b>	<b><u>\$ 154,973,390</u></b>

Source: Independent Auditors' Report

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
CASH AND INVESTMENT BALANCES BY FUND (CONTINUED)  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 10,864,504	\$ 11,966,962	\$ 10,526,571	\$ 8,852,532	\$ 7,298,115	\$ 8,153,714
720,415	679,197	593,379	413,642	149,567	386,136
1,531,914	1,424,212	1,184,745	935,341	985,567	788,210
3,747,447	4,083,068	3,983,571	3,736,476	1,585,674	1,574,645
5,245,361	19,537,897	56,967,145	76,616,974	-	-
233,350	177,803	205,716	204,533	203,703	203,414
3,097	3,650	3,306	4,396	4,608	5,370
<b><u>\$ 22,346,088</u></b>	<b><u>\$ 37,872,789</u></b>	<b><u>\$ 73,464,433</u></b>	<b><u>\$ 90,763,894</u></b>	<b><u>\$ 10,227,234</u></b>	<b><u>\$ 11,111,489</u></b>

## **REVENUE CAPACITY INFORMATION**



**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
SCHEDULE OF TAX CAPACITY, TAX RATES, AND TAX LEVIED FOR JUNE 30, 2023  
(UNAUDITED)**

	<u>Levy Collectible in Calendar Year 2023</u>
<b>TAX CAPACITY</b>	
Real Agriculture	\$ 7,848,241
Real Nonagricultural	34,995,561
Personal Property	681,133
Tax Increment	(1,883,533)
<b>Total Tax Capacity Rate Determination Valuation</b>	<u><u>\$ 41,641,402</u></u>
<b>TAX CAPACITY RATE (1)</b>	
General Fund	22.073%
Community Service Fund	0.769%
Debt Service Fund	22.783%
<b>Total Tax Capacity Rate</b>	<u><u>45.625%</u></u>
<b>REFERENDUM MARKET VALUE</b>	<u><u>\$ 3,167,167,800</u></u>
<b>REFERENDUM MARKET VALUE TAX RATE (2)</b>	<u><u>0.20553%</u></u>
<b>COUNTY AUDITOR ADJUSTED CERTIFIED LEVY</b>	
General Fund - Referendum	\$ 6,509,071
General Fund - Other	2,682,122
Community Service Fund	319,831
Debt Service Fund - Voter Approved	9,486,775
<b>Total</b>	<u><u>\$ 18,997,799</u></u>
<b>COUNTY AUDITOR COMPUTED LEVY (3)</b>	
General Fund - Referendum	\$ 6,509,480
General Fund - Other	2,682,123
Community Service Fund	320,222
Debt Service Fund - Voter Approved	9,487,161
<b>Total</b>	<u><u>\$ 18,998,986</u></u>

(1) Applicable tax capacity rate is determined by dividing the computed levy by the total tax capacity rate determination valuation.

(2) Applicable referendum market value tax rate is determined by dividing the computed levy by the referendum market value.

(3) The computed levy is net of abatements, fiscal disparities, and other adjustments.

Source: School Tax Report - 2022 Payable 2023

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	Total Tax Levy (1)	Current Tax Collections	Percent of Current Tax Tax Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collected
2014	\$ 8,609,018	\$ 8,567,279	99.51%	\$ 41,739	\$ 8,609,018	100.00%
2015	8,492,653	8,464,266	99.66%	28,387	8,492,653	100.00%
2016	13,007,985	12,980,880	99.79%	27,105	13,007,985	100.00%
2017	13,044,241	12,998,295	99.64%	45,946	13,044,241	100.00%
2018	13,098,736	13,064,963	99.74%	33,773	13,098,736	100.00%
2019	13,457,303	13,429,096	99.79%	28,207	13,457,303	100.00%
2020	18,056,764	18,020,597	99.80%	36,167	18,056,764	100.00%
2021	18,300,876	18,196,751	99.43%	66,670	18,263,421	99.80%
2022	18,004,683	17,929,315	99.58%	54,833	17,984,148	99.89%
2023	19,055,324	19,019,631	99.81%	32,932	19,052,563	99.99%

(1) County auditor spread levy plus additional assessments less abatements and other reductions.

Note: The State of Minnesota has funded a portion of the above levies through tax credits as follows:

Fiscal Year 2014	58,955
Fiscal Year 2015	69,612
Fiscal Year 2016	76,119
Fiscal Year 2017	98,939
Fiscal Year 2018	105,007
Fiscal Year 2019	569,164 (2)
Fiscal Year 2020	524,939 (3)
Fiscal Year 2021	994,892 (4)
Fiscal Year 2022	1,127,640 (5)
Fiscal Year 2023	1,075,487 (6)

(2) In fiscal year 2019 the school building bond agricultural credit was enacted by legislation causing a significant increase in the portion of the above levies funded through tax credits. The credit equals 40% of qualifying property net tax capacity multiplied by the school debt tax rate.

(3) In fiscal year 2020 the school building bond agricultural credit was increased to 50% of qualifying property net tax capacity multiplied by the school debt tax rate. However, the overall tax credit decreased due to the decrease in payments scheduled for the school district's outstanding debt.

(4) In fiscal year 2021 the school building bond agricultural credit was increased to 55% of qualifying property net tax capacity multiplied by the school debt tax rate.

(5) In fiscal year 2022 the school building bond agricultural credit was increased to 60% of qualifying property net tax capacity multiplied by the school debt tax rate. Additionally, the district qualified for and received debt service equalization aid from the state of Minnesota.

(6) In fiscal year 2023 the school building bond agricultural credit was increased to 70% of qualifying property net tax capacity multiplied by the school debt tax rate. The district did not receive debt service equalization aid from the state of Minnesota in fiscal year 2023.

Source: Steele County Auditor School Tax Report - 2022 Payable 2023, Steele and Waseca County Auditors Taxes Receivable Reports, and District Records

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF PROPERTY  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year Ended June 30,	Residential Property	Non-Homestead Residential Property	Commercial/ Industrial Property	Agricultural Property	Utility and Railroad Property
2013	\$ 10,428,229	\$ 2,372,789	\$ 5,859,690	\$ 6,263,479	\$ 248,402
2014	10,529,656	2,432,004	6,333,299	7,183,577	256,357
2015	10,769,322	2,497,950	6,942,463	6,561,764	278,968
2016	11,443,726	2,541,320	7,114,667	6,622,414	327,605
2017	11,915,569	2,580,572	7,588,757	6,248,123	426,830
2018	12,769,317	2,763,924	8,054,121	6,282,530	456,742
2019	13,688,989	2,853,217	8,299,391	6,396,322	443,183
2020	14,441,425	3,118,081	8,930,411	6,564,913	521,078
2021	15,003,329	3,282,179	9,746,176	6,885,933	573,766
2022	18,617,855	3,759,472	10,560,002	7,848,241	629,103

Note: The City Assessor, pursuant to State law, is responsible for the assessment of all taxable property located within a city. State law provides, with certain exceptions, that all taxable property is to be valued at its market value. All real property subject to taxation must be listed and may be revalued each year with reference to its value as of January 2. The assessor views and reappraises all parcels at maximum intervals of four years. Personal property subject to taxation must also be listed and assessed annually as of January 2. Property is appraised at Estimated Market Value, defined as the usual selling price of the property which would be obtained at private sale and not at a forced auction sale. The 2022 sales ratio was 86.9%. The taxable value of property, upon which taxes are levied, extended and collected, is a percentage of the Estimated Market Value. Taxable value is referred to as Net Tax Capacity. Net Tax Capacity equals Estimated Market Value multiplied by a given percentage called a class rate for the particular classification of property.

Source: Minnesota Department of Education Levy Limitation and Certification Reports and Steele County Auditor

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF PROPERTY (CONTINUED)  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Commercial/ Residential/ Seasonal Property	Total Net Tax Capacity	Estimated Market Value	Percent of Total Net Tax Capacity of Estimated Market Value	Total Direct Rate
\$ 28,183	\$ 25,200,772	\$ 2,418,746,000	1.04%	18.374
30,304	26,765,197	2,609,490,040	1.03%	17.066
31,425	27,081,892	2,607,372,625	1.04%	17.066
34,441	28,084,173	2,672,989,555	1.05%	7.862
33,735	28,793,586	2,732,567,087	1.05%	7.219
33,363	30,359,997	2,850,690,837	1.07%	7.131
33,471	31,714,573	2,982,363,002	1.06%	11.307
36,698	33,612,606	3,158,975,878	1.06%	10.873
36,950	35,528,333	3,364,016,349	1.06%	10.638
39,731	41,454,404	3,958,196,335	1.05%	12.109

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NET TAX CAPACITY AND ADJUSTED NET TAX CAPACITY  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<u>Year of Valuation</u>	<u>Net Tax Capacity (1)</u>	<u>Sales Ratio</u>	<u>Adjusted Net Tax Capacity (2)</u>
2013	\$ 25,200,772	96.0%	\$ 26,262,877
2014	26,765,197	95.6%	28,008,846
2015	27,081,892	95.6%	28,323,992
2016	28,084,173	95.3%	29,468,675
2017	28,793,586	92.4%	31,158,245
2018	30,359,997	95.1%	31,923,918
2019	31,714,573	93.5%	33,930,746
2020	33,612,606	92.7%	36,247,896
2021	35,528,333	91.8%	38,694,710
2022	41,454,404	86.9%	46,046,705

(1) The net tax capacity of a parcel of property is calculated by applying the appropriate classification rate as defined in State law to the estimated market valuation of the parcel.

(2) The adjusted net tax capacity is calculated by dividing the net tax capacity by the sales ratio.

Source: Minnesota Department of Education Levy Limitation and Certification Reports

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
SCHOOL TAX LEVIES, INITIAL TAX RATES BY FUND  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

	Year Collectible	General Fund	Community Service	Debt Service	Total All Funds
<b>Levies</b>	2014	\$ 5,933,249	\$ 319,294	\$ 2,375,157	\$ 8,627,700
	2015	5,910,694	316,365	2,171,510	8,398,569
	2016	6,448,990	313,608	6,189,655	12,952,253
	2017	6,638,604	310,115	6,061,542	13,010,261
	2018	6,701,472	309,918	6,044,737	13,056,127
	2019	7,269,318	307,492	5,845,512	13,422,322
	2020	7,775,515	309,383	9,844,559	17,929,457
	2021	8,685,303	303,224	9,217,256	18,205,783
	2022	8,167,371	314,158	9,451,530	17,933,059
	2023	9,191,193	319,831	9,486,775	18,997,799
<b>Initial Tax Rate (1)</b>	2014	23.54%	1.27%	9.42%	34.23%
	2015	22.08%	1.18%	8.11%	31.37%
	2016	23.81%	1.16%	22.86%	47.83%
	2017	23.64%	1.10%	21.58%	46.33%
	2018	23.27%	1.08%	20.99%	45.34%
	2019	23.94%	1.01%	19.25%	44.21%
	2020	24.52%	0.98%	31.04%	56.54%
	2021	25.84%	0.90%	27.42%	54.16%
	2022	22.99%	0.88%	26.60%	50.47%
	2023	22.17%	0.77%	22.88%	45.82%

(1) Applicable initial tax rate is determined by dividing the computed levy by total taxable net tax capacity.

Note 1: The State of Minnesota has funded a portion of the General Fund levies as follows:

Year Collectible 2014	\$ 58,955
Year Collectible 2015	69,612
Year Collectible 2016	76,119
Year Collectible 2017	98,939
Year Collectible 2018	105,007
Year Collectible 2019	569,164 (2)
Year Collectible 2020	524,939 (3)
Year Collectible 2021	994,892 (4)
Year Collectible 2022	1,127,640 (5)
Year Collectible 2023	1,075,487 (6)

(2) In fiscal year 2019 the school building bond agricultural credit was enacted by legislation causing a significant increase in the portion of the above levies funded through tax credits. The credit equals 40% of qualifying property net tax capacity multiplied by the school debt tax rate.

(3) In fiscal year 2020 the school building bond agricultural credit was increased to 50% of qualifying property net tax capacity multiplied by the school debt tax rate. However, the overall tax credit decreased due to the decrease in payments scheduled for the school district's outstanding debt.

(4) In fiscal year 2021 the school building bond agricultural credit was increased to 55% of qualifying property net tax capacity multiplied by the school debt tax rate.

(5) In fiscal year 2022 the school building bond agricultural credit was increased to 60% of qualifying property net tax capacity multiplied by the school debt tax rate. Additionally, the district qualified for and received debt service equalization aid from the state of Minnesota.

(6) In fiscal year 2023 the school building bond agricultural credit was increased to 70% of qualifying property net tax capacity multiplied by the school debt tax rate. The district did not receive debt service equalization aid from the state of Minnesota in fiscal year 2023.

Note 2: In Fiscal Year 2016, the tax rate for the debt service fund increased due to the passage of a bond referendum and the issuance of two school building bonds.

Note 3: In Fiscal Year 2020, the tax rate for the debt service fund increased due to the issuance of a high school building bond.

Source: School Tax Report - 2022 Payable 2023 and District Records

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	District Direct Rates			Overlapping Rates	
	Referendum Purposes	General Purposes	Total	Steele County	City of Owatonna
2014	0.220	18.154	18.374	60.440	59.018
2015	0.210	16.856	17.066	59.187	58.102
2016	0.222	8.699	8.921	61.769	60.653
2017	0.214	7.648	7.862	60.974	59.890
2018	0.202	7.017	7.219	61.739	63.554
2019	0.220	6.911	7.131	61.731	63.283
2020	0.218	11.089	11.307	61.530	62.481
2021	0.212	10.661	10.873	58.733	59.530
2022	0.206	10.432	10.638	57.541	62.098
2023	0.206	11.903	12.109	50.989	57.305

Note: The information provided includes Steele County only. Information was not obtained from Waseca County.

Source: Steele County Auditor

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NET TAX CAPACITY BY CATEGORY  
(UNAUDITED)**

Real Estate Type	Net Tax* Capacity Value Taxes Payable 2022	Percent of Total Property
Residential	\$ 18,617,855	44.19 %
Agricultural	7,848,241	18.63
Commercial/Industrial	10,560,002	25.06
Utility and Railroad	629,103	1.49
Non-Homestead Residential	3,759,472	8.92
Commercial and Residential Seasonal/Recreational	39,731	0.09
<b>Total Real Estate</b>	<b>41,454,404</b>	<b>98.38</b>
Personal Property	681,133	1.62
<b>Total Real and Personal Property</b>	<b>\$ 42,135,537</b>	<b>100.00 %</b>

\* The taxes payable in 2022 are recorded as revenue for the 2022-23 fiscal year. The net tax capacity per county differ slightly from the amount used in the certified levy calculation.

Source: Steele County Auditor and Waseca County Auditor



**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
(UNAUDITED)**

	2023 *			2014		
	2023 Net Tax Capacity	Rank (1)	Percent of Total Net Tax Capacity \$ 41,454,404	2014 Net Tax Capacity	Rank	Percent of Total Net Tax Capacity \$ 25,030,516
Viracon, Inc.	\$ 554,724	1	1.34%	\$ 239,508	1	0.96%
Costco Wholesale Corporation	532,388	2	1.28%			
Norman Owatonna LLC	389,822	3	0.94%			
Northern Natural Gas Company	376,084	4	0.91%			
Daikan Applied Americas Inc	298,604	5	0.72%			
Cybox International, Inc.	295,188	6	0.71%	110,706	8	0.44%
Southern MN Municipal	233,016	7	0.56%			
Crystal Valley Cooperative	220,055	8	0.53%			
Federated Mutual Ins Co.	217,370	9	0.52%	150,360	5	0.60%
CEFF Medford Property LLC	189,882	10	0.46%			
Cabelas Retail Inc.				173,320	2	0.69%
Mills Properties Inc				163,253	3	0.65%
Owatonna Clinic - Mayo				151,310	4	0.60%
Armstrong/Charles J/ Et al				137,141	6	0.55%
JAS Realty, L.L.C.				119,896	7	0.48%
Wal-Mart				109,378	9	0.44%
Lakeside Foods				107,460	10	0.43%

\* As of December 31, 2022

(1) The ranking for 2022 is based on the total taxes paid by the taxpayer. Therefore, the related net tax capacity and percentage may not agree to the ranking.

Source: Steele County Auditor and 2014 Annual Comprehensive Financial Report

## **DEBT CAPACITY INFORMATION**

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	Bonded Debt	Lease Liability	Subscription Liability	Certificates of Participation	Total Primary Government	Percent of Personal Income	Per Capita (1)
2014	\$ 7,095,000	\$ 236,642	\$ -	\$ 1,205,000	\$ 8,536,642	0.55%	\$ 291
2015	4,865,000	519,116	-	975,000	6,359,116	0.41%	217
2016	77,795,000	479,248	-	740,000	79,014,248	4.94%	2,697
2017	74,160,000	344,334	-	500,000	75,004,334	4.67%	2,560
2018	70,570,000	199,572	-	255,000	71,024,572	4.05%	2,424
2019	66,910,000	165,212	-	-	67,075,212	3.77%	2,289
2020	179,267,709	117,814	-	-	179,385,523	9.48%	6,122
2021	173,959,040	122,164	-	-	174,081,204	8.45%	5,941
2022	168,336,336	107,322	-	-	168,443,658	8.21%	5,941
2023	163,118,974	74,023	121,916	-	163,314,913	N/A	5,421

N/A - Personal income for 2023 is not available, so the calculation cannot be completed.

(1) The ratio was calculated by using the Independent School District No. 761 population.

Note 1: Information of the District's current outstanding debt can be found in the Notes to Basic Financial Statements.

Note 2: The increase in 2016 is due to bond referendum passed in fiscal year 2016.

Note 3: The increase in 2020 is due to bond referendum passed in fiscal year 2020.

Source: Independent Auditor's Report, Bureau of Economic Analysis

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
RATIOS OF OUTSTANDING DEBT  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	General Bonded Debt Outstanding			Net Tax Capacity	Percent of Net Debt to Net Tax Capacity	Percent of Personal Income	Per Capita
	General Obligation Bonds	Less: Debt Service Fund Balance (Deficit)	Net Bonded Debt				
2014	\$ 7,095,000	\$ 543,057	\$ 6,551,943	25,200,772	26.00%	0.42%	\$ 224
2015	4,865,000	548,852	4,316,148	26,765,197	16.13%	0.27%	147
2016	77,795,000	528,251	77,266,749	27,081,892	285.31%	4.83%	2,637
2017	74,160,000	842,483	73,317,517	28,084,173	261.06%	4.56%	2,502
2018	70,570,000	1,073,031	69,496,969	28,793,586	241.36%	3.97%	2,372
2019	66,910,000	1,325,564	65,584,436	30,359,997	216.02%	3.68%	2,238
2020	179,267,709	1,332,464	177,935,245	31,714,573	561.05%	9.40%	6,073
2021	173,959,040	1,688,266	172,270,774	33,612,606	512.52%	8.36%	5,879
2022	168,336,336	1,737,498	166,598,838	35,528,333	468.92%	8.12%	5,530
2023	163,118,974	2,052,589	161,066,385	41,454,404	388.54%	N/A	5,347

N/A - Personal income for 2023 is not available, so the calculation cannot be completed.

Source: Independent Auditor's Report, Minnesota Department of Education Levy Limitation and Certification Reports, and Bureau of Economic Analysis

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES  
FOR GENERAL OBLIGATION BONDED DEBT  
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	Principal	Interest and Fees	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to Gen. Govt. Expenditures
2014	\$ 2,350,000	\$ 117,119	\$ 2,467,119	\$ 55,775,767	4.42%
2015	2,230,000	74,695	2,304,695	60,971,170	3.78%
2016	2,255,000	51,870	2,306,870	65,262,134	3.53%
2017	3,635,000	2,229,487	5,864,487	94,720,301	6.19%
2018	3,590,000	2,275,850	5,865,850	106,858,065	5.49%
2019	3,660,000	2,204,600	5,864,600	83,575,471	7.02%
2020	3,730,000	2,131,950	5,861,950	77,745,658	7.54%
2021	4,995,000	4,476,930	9,471,930	87,123,757	10.87%
2022	4,620,000	4,687,150	9,307,150	124,548,772	7.47%
2023	4,770,000	4,535,850	9,305,850	137,232,887	6.78%

\* Includes general, food service, community service, capital projects, and debt service funds.

Source: Independent Auditors' Report

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
(UNAUDITED)**

Governmental Unit (1)	General Obligation Debt	Estimated Applicable Percentage (2)	Estimated Share of Direct and Overlapping Debt
Steele County	\$ 8,185,000	98.79%	\$ 8,086,145
Waseca County	5,415,000	0.04%	1,897
City of Owatonna	17,026,928	36.31%	<u>6,181,995</u>
Subtotal, Overlapping Debt			14,270,037
District Direct Debt			<u>163,595,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 177,865,037</u></u>

(1) There were three taxing jurisdictions which overlap the District and had general obligation debt outstanding as of December 31, 2022.

(2) The Estimated Applicable Percentage is determined by dividing the Taxable Net Tax Capacity of the Governmental Unit within the District by Total Taxable Net Tax Capacity of the entire Governmental Unit.

Source: Independent Auditor's Report, Steele and Waseca County Auditors, City of Owatonna Finance Department.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Assessed Value	\$ 3,958,196,335	\$ 3,364,016,349	\$ 3,158,975,878	\$ 2,982,363,002
Debt Limit Percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt Limit	593,729,450	504,602,452	473,846,382	447,354,450
Total Net Debt Applicable to Limit	<u>163,118,974</u>	<u>168,336,336</u>	<u>173,959,040</u>	<u>179,267,709</u>
Legal Debt Margin	<u>\$ 430,610,476</u>	<u>\$ 336,266,116</u>	<u>\$ 299,887,342</u>	<u>\$ 268,086,741</u>
Total Net Debt Applicable to the Limit as a % of Debt Limit	27.47%	33.36%	36.71%	40.07%

Note 1: Minnesota Statutes, Section 475.53, Subdivision 4, presently limits the outstanding indebtedness of school districts, net of debt redemption funds, to 15% of the actual market value.

Source: Independent Auditor's Report and Minnesota Department of Education Levy Limitation and Certification Reports

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
LEGAL DEBT MARGIN INFORMATION (CONTINUED)  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

2019	2018	2017	2016	2015	2014
\$ 2,850,690,837	\$ 2,732,567,087	\$ 2,672,989,555	\$ 2,607,372,625	\$ 2,609,490,040	\$ 2,418,746,000
15%	15%	15%	15%	15%	15%
427,603,626	409,885,063	400,948,433	391,105,894	391,423,506	362,811,900
66,910,000	70,570,000	74,160,000	77,795,000	4,865,000	7,095,000
<u>\$ 360,693,626</u>	<u>\$ 339,315,063</u>	<u>\$ 326,788,433</u>	<u>\$ 313,310,894</u>	<u>\$ 386,558,506</u>	<u>\$ 355,716,900</u>
15.65%	17.22%	18.50%	19.89%	1.24%	1.96%



## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	Steele County				ISD No. 761
	Population (1)	Personal Income (1)	Per Capita Personal Income (1)	Unemployment Rate (2)	District Population (3)
2014	36,573	\$ 1,548,216,000	\$ 42,332	2.70%	29,301
2015	36,755	1,569,887,000	42,712	2.40%	29,301
2016	36,805	1,599,923,000	43,470	2.90%	29,301
2017	36,887	1,606,397,000	43,549	2.10%	29,301
2018	36,803	1,751,958,000	47,604	2.20%	29,301
2019	36,649	1,780,396,000	48,580	2.60%	29,301
2020	36,596	1,892,138,000	51,703	4.20%	29,301
2021	37,349	2,060,764,000	55,176	4.80%	30,125
2022	37,398	2,051,720,000	54,682	3.30%	30,125
2023	N/A	N/A	N/A	2.80%	30,125

N/A - Information is not available.

Note: The District includes parts of Steele County and Waseca County. Since the District is mostly in Steele County, we have decided to include information for Steele County only.

Source: (1) Bureau of Economic Analysis  
(2) Minnesota Department of Employment and Economic Development  
(3) Minnesota State Demographer

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO  
(UNAUDITED)**

Employer	2023			2014		
	Number of Employees *	Rank	Percent of Total Employment 19,284	Number of Employees	Rank	Percent of Total Employment 21,580
Federated Mutual Ins. Co.	1,420	1	7.36%	1,375	1	6.37%
Viracon, Inc.	1,402	2	7.27%	1,200	2	5.56%
Owatonna Public Schools	776	3	4.02%	688	4	3.19%
Josten's Inc.	487	4	2.53%	416	6	1.93%
Daikin	481	5	2.49%			
Truth Hardware Corp	479	6	2.48%	735	3	3.41%
Wenger Corporation	434	7	2.25%	370	7	1.71%
Bosch	377	8	1.95%			
Cabela's	365	9	1.89%			
Mayo Clinic Health System	350	10	1.81%			
Bosch Automotive Service Solutions				540	5	2.50%
Owatonna Hospital				323	8	1.50%
Cybex Corporation				295	9	1.37%
Owatonna Clinic				250	10	1.16%
<b>Total</b>	<u>6,571</u>		<u>34.07%</u>	<u>6,192</u>		<u>28.69%</u>

\* - Employee data is as of September 2022

Source: Owatonna Chamber of Commerce, 2014 Financial Report, and Minnesota Department of Employment and Economic Development

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
PROPERTY VALUE AND CONSTRUCTION  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Calendar Year	Total Permits	Total Value
2014	1,698	\$ 42,033,158
2015 (1)	1,716	31,170,127
2016 (2)	1,347	41,290,671
2017 (3)	2,414	47,955,321
2018 (4)	1,977	50,671,148
2019 (5)	1,410	24,018,482
2020 (6)	1,392	83,413,154
2021 (7)	1,490	48,700,479
2022 (8)	1,499	71,291,815
2023 * (9)	1,494	103,139,326

(1) - The decrease in total value is due to several large commercial permits that were issued in 2014.

(2) - The increase in total value is due to several large commercial permits that were issued in 2016.

(3) - The increase in both total permits and total value is substantially due to new apartment buildings and residential dwellings and alterations.

(4) - Total number of permits has decreased from the prior year, but overall value has increased due to two apartment buildings in 2018.

(5) - The decrease in total value is due to two apartment buildings in 2018.

(6) - Total number of permits has decreased from the prior year, but overall value has increased due to three large commercial projects in 2020.

(7) - Total number of permits has increased from the prior year due to an increase in residential permits, but overall value has decreased because there are no large commercial projects in 2021.

(8) - The increase in total value is due to several apartment and industrial permits that were issued in 2022.

(9) - The increase in total value is due to several large industrial permits that were issued in 2023.

\*- Most recent data available from October 31, 2023

Source: City of Owatonna, Minnesota

## **OPERATING INFORMATION**

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
FINANCIAL INFORMATION  
(UNAUDITED)**

**Financial Consultants**

PMA Securities, Inc. has acted as Financial Consultants to the District. Requests for information concerning the District should be addressed to PMA Securities, Inc., 5301 Kyler Ave NE, Albertville, Minnesota 55301.

**Rating**

The District participates in the Minnesota Credit Enhancement Program for School Districts (Minnesota Statutes, Section 126C.55), which provides for payment by the State of Minnesota in the event of a potential default of a school district obligation.

The District's bond rating, from Moody's Investors Service, as of June 30, 2023 was "Aa1". An investor should communicate with the rating agency for an explanation of the significance of the rating.

Source: District Records

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
GENERAL INFORMATION  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Year Established: 1865

Accreditation: North Central Association of Colleges and Schools

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Geographical Area - Square Miles	245	245	245	245
District Population	30,125	30,125	30,125	29,301
Student Enrollment - by Average Daily Membership (ADM)	4,826	4,880	4,816	4,883

**Facilities**

Senior High School (Grades 9-12)	1	1	1	1
Middle School (Grades 6-8) *	1	1	1	1
Junior High School (Grades 7-8) *	-	-	-	-
Intermediate School (Grade 6) *	-	-	-	-
Elementary Schools (Grades K-5)	4	4	4	4
Owatonna Education Center **	1	1	1	1
Community Education Building	1	1	1	1
Central Administration Building	1	1	1	1
District Receiving and Storage Building	2	2	2	1
Storage Building	1	1	1	1

\* The Junior High School was converted into a Middle School beginning with the 2017-18 school year.

\*\* One of the district buildings was converted to an Area Learning Center and Early Childhood Special Education Building beginning with the 2017-18 school year.

Source: Minnesota Department of Education, Minnesota State Demographer, and District Records

**OWATONNA PUBLIC SCHOOLS  
 INDEPENDENT SCHOOL DISTRICT NO. 761  
 GENERAL INFORMATION (CONTINUED)  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)**

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
245	245	245	245	245	245
29,301	29,301	29,301	29,301	29,301	29,301
4,938	4,884	4,902	4,862	4,862	4,748
1	1	1	1	1	1
1	1	-	-	-	-
-	-	1	1	1	1
-	-	1	1	1	1
4	4	4	4	4	4
1	1	-	-	-	-
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1



**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
AVERAGE DAILY MEMBERSHIP BY GRADE LEVEL  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Early Childhood</b>	108.55	103.66	93.87	97.28
<b>Kindergarten</b>	323.24	349.50	328.06	376.74
<b>Grades 1-6</b>	2,103.17	2,071.07	2,044.96	2,111.57
<b>Grades 7-12</b>	<u>2,290.73</u>	<u>2,355.37</u>	<u>2,348.64</u>	<u>2,297.39</u>
<b>Total</b>	<u><u><b>4,825.69</b></u></u>	<u><u><b>4,879.60</b></u></u>	<u><u><b>4,815.53</b></u></u>	<u><u><b>4,882.98</b></u></u>

Note: Student enrollment numbers for 2022 and prior are from the final numbers issued in January after the fiscal year ended.

(1) - The District received funding from the state of Minnesota to operate a Voluntary Pre-Kindergarten program beginning in 2018-19.

Source: Minnesota Department of Education

**OWATONNA PUBLIC SCHOOLS  
 INDEPENDENT SCHOOL DISTRICT NO. 761  
 AVERAGE DAILY MEMBERSHIP BY GRADE LEVEL (CONTINUED)  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)**

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
113.58 (1)	75.29	73.80	68.17	52.25	55.93
362.86	314.67	354.21	329.27	379.75	324.87
2,187.99	2,226.18	2,227.42	2,276.94	2,215.75	2,125.15
<u>2,278.78</u>	<u>2,268.18</u>	<u>2,246.26</u>	<u>2,187.19</u>	<u>2,213.98</u>	<u>2,242.28</u>
<b><u>4,943.21</u></b>	<b><u>4,884.32</u></b>	<b><u>4,901.69</u></b>	<b><u>4,861.57</u></b>	<b><u>4,861.73</u></b>	<b><u>4,748.23</u></b>

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
FULL-TIME AND PART-TIME DISTRICT EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Function	2023	2022	2021	2020
Administrators	13	13	13	12
Adult Basic Education	1	1	1	1
Central Office Personnel	26	26	29	28
Clerical and Media Educational Assistants	6	6	6	6
Custodial/Cleaning/Maintenance	43	44	43	44
Directors	16	15	15	17
Early Childhood Family Education Learning Readiness	6	9	12	8
Food Service	39	35	31	40
Health Services	10	10	11	10
Noon Supervisors	0	-	-	-
Offset	1	1	1	1
School Aged Child Care	12	12	15	13
Secretarial/Office Personnel	25	25	27	32
Special Education Paraprofessionals	96	87	79	78
Student Supervision Educational Assistants	2	2	1	2
Teacher Educational Assistants	42	39	43	54
Teachers	381	378	382	381
<b>Total</b>	<b>719</b>	<b>703</b>	<b>709</b>	<b>727</b>

Source: District Records

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
FULL-TIME AND PART-TIME DISTRICT EMPLOYEES BY FUNCTION (CONTINUED)  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
12	12	12	12	12	11
2	3	3	2	2	2
27	29	26	22	23	23
6	6	7	7	7	7
44	43	43	42	42	40
18	17	15	13	10	10
9	9	11	5	10	10
39	36	34	39	39	37
11	11	11	10	10	10
2	5	6	22	24	22
1	1	1	2	2	1
17	17	15	11	11	11
34	33	32	22	22	22
76	84	96	98	90	81
3	3	4	7	7	7
78	81	72	67	63	52
380	371	361	342	341	333
<b><u>759</u></b>	<b><u>761</u></b>	<b><u>749</u></b>	<b><u>723</u></b>	<b><u>715</u></b>	<b><u>679</u></b>

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures (1)</u>	<u>Cost per Pupil</u>	<u>Percentage Change</u>	<u>Number of Teachers</u>	<u>Pupil - Teacher Ratio</u>	<u>Percent of Students Receiving Free or Reduced Price Lunch (2)</u>
2014	4,748	\$ 51,253,720	10,794	0.93%	333	14.3	41.30%
2015	4,862	55,690,271	11,455	6.12%	341	14.3	43.40%
2016	4,862	58,706,945	12,076	5.42%	342	14.2	36.30%
2017	4,902	61,555,800	12,558	3.99%	361	13.6	41.90%
2018	4,884	63,198,282	12,939	3.03%	371	13.2	42.70%
2019	4,943	66,970,560	13,548	4.72%	380	13.0	41.80%
2020	4,883	67,840,487	13,894	2.56%	381	12.8	41.20%
2021	4,816	67,890,095	14,098	1.47%	382	12.6	40.30%
2022	4,880	70,492,830	14,447	2.47%	378	12.9	38.60%
2023	4,826	71,957,092	14,911	3.21%	381	12.7	48.45%

(1) Operating expenditures are calculated by taking the total districtwide expenditures less capital outlay and debt service expenditures.

(2) The percentage is based on the number of students enrolled in the free or reduced lunch program and number of students enrolled as of October 1 of each fiscal year.

Source: District Records and Minnesota Department of Education

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
TEACHER BASE SALARIES  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<u>Fiscal Year</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>
2014	\$ 34,313	\$ 70,861
2015	35,399	72,679
2016	36,390	74,715
2017	37,409	76,807
2018	38,157	78,343
2019	41,132	79,743
2020	42,160	81,737
2021	43,214	83,780
2022	44,402	87,348
2023	45,335	89,182

Note: Amounts do not include fringe benefits, such as health insurance, pension, etc.

Source: Owatonna Education Association Contract

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

	2023	2022	2021	2020
<b>Elementary (Grades K-5)</b>				
Lincoln (1959)				
Square Feet	71,450	71,450	71,450	71,450
Enrollment	589	567	549	550
Acres	40	40	40	40
McKinley (previously Willow Creek) (1990)				
Square Feet	86,484	86,484	86,484	86,484
Enrollment	522	502	517	560
Acres	60	60	60	60
Washington (previously McKinley) (1955)				
Square Feet	66,749	66,749	66,749	66,749
Enrollment	487	542	498	518
Acres	13	13	13	13
Wilson (1968)				
Square Feet	65,800	65,800	65,800	65,800
Enrollment	431	455	442	457
Acres	10	10	10	10
<b>Middle School (Grades 6-8) *</b>				
Middle School (previously Junior High) (1968)				
Square Feet	203,580	203,580	203,580	203,580
Enrollment	1,004	1,005	1,093	1,119
Acres	18	18	18	18
<b>High School (Grades 9-12)</b>				
High School (1921)				
Square Feet	351,313	351,313	351,313	351,313
Enrollment	1,413	1,468	1,477	1,446
Acres	19	19	19	19
<b>Owatonna Education Center **</b>				
OEC (previously Washington) (1949)				
Square Feet	53,832	53,832	53,832	53,832
Enrollment	410	249	260	311
Acres	3	3	3	3
Rose Street Center (1956)				
Square Feet	12,930	12,930	12,930	12,930
Enrollment	-	-	-	-
Acres	0.88	0.88	0.88	0.88
<b>Learning Zone (1965) ***</b>				
Square Feet	13,146	13,146	13,146	-
Enrollment	-	-	-	-
Acres	0.91	0.91	0.91	-
<b>Community Center</b>				
Roosevelt (1954)				
Square Feet	15,694	15,694	15,694	15,694
Enrollment (Early Childhood)	57	116	116	129
Acres	8	8	8	8

\* The Junior High School was converted into a Middle School beginning with the 2017-18 school year.

\*\* One of the district buildings was converted to an Area Learning Center and Early Childhood Special Education Building beginning with the 2017-18 school year.

\*\*\* This building was donated to the district in August 2020. It is currently used for receiving, storage, and central duplicating operations.

Source: District Records and Minnesota Department of Education.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
SCHOOL BUILDING INFORMATION (CONTINUED)  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

2019	2018	2017	2016	2015	2014
71,450 556 40	71,450 584 40	59,884 515 40	59,884 515 40	59,884 515 40	59,884 529 40
86,484 619 60	86,484 630 60	55,433 410 60	55,433 410 60	55,433 410 60	55,433 364 60
66,749 509 13	66,749 509 13	54,437 586 13	54,437 586 13	54,437 586 13	54,437 493 13
65,800 477 10	65,800 559 10	67,327 590 10	67,327 590 10	67,327 590 10	67,327 546 10
203,580 1,101 18	203,580 1,218 18	166,564 667 18	166,564 667 18	166,564 667 18	166,564 698 18
351,313 1,521 19	351,313 1,608 19	353,710 1,463 19	353,710 1,463 19	353,710 1,463 19	353,710 1,465 19
53,832 325 3	53,832 238 3	54,779 464 3	54,779 464 3	54,779 464 3	54,779 540 3
12,930 - 0.88	12,930 - 0.88	12,930 82 0.88	12,930 82 0.88	12,930 82 0.88	12,930 80 0.88
- - -	- - -	- - -	- - -	- - -	- - -
15,694 129 8	15,694 167 8	15,694 167 8	15,694 167 8	15,694 167 8	15,694 152 8



**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
SCHEDULE OF INSURANCE COVERAGE  
FISCAL YEAR ENDED JUNE 30, 2023  
(UNAUDITED)**

Coverage	Amount	Description
Property	254,749,320	Blanket Real and Personal Property
	2,000,000	Aggregate
	1,000,000	Educational Institution Pollution Liability
	369,400	Musical Instruments and Uniforms
	up to \$50,000	various items covered by Inland Marine
General Liability	2,000,000	General Aggregate
	2,000,000	Products/Completed Operations Aggregate
	1,000,000	Each Occurrence
	1,000,000	Personal/Advertising Injury Limit
	500,000	Damage to Premises Rented to You
	1,000,000	Employee Benefits Each Occurrence
	2,000,000	Employee Benefits Aggregate
	1,000,000	Sexual Misconduct/Molestation Each Occurrence and Aggregate
	10,000	Medical Expense Limit
	500,000	School Violent Event Aggregate
	500,000	School Violent Event Event Limit
	25,000	School Violent Event Each Person Limit
Public Officials Liability	2,000,000	Aggregate
	1,000,000	Each Occurrence
Automobile Liability	1,000,000	Each Accident
	1,000,000	Uninsured/Underinsured Motorists
		Deductible: varies from \$1,000
Worker's Compensation		
Employer's Liability	1,000,000	Each Accident
	1,000,000	By Disease
	1,000,000	Aggregate
Umbrella Excess Liability	1,000,000	Each Occurrence and Aggregate
Cyber Liability	50,000	Privacy and Security Liability
	50,000	Cyber Media Liability
Crime	25,000	Money and securities
	25,000	Money Orders and Counterfeit Paper Currency
	30,000	Forgery or Alteration
	100,000	Employee Theft

Source: Tincher Peterson Sincok