

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023

INDEPENDENT SCHOOL DISTRICT NO. 621
MOUNDS VIEW PUBLIC SCHOOLS
SHOREVIEW, MINNESOTA



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

INDEPENDENT SCHOOL DISTRICT NO. 621
MOUNDS VIEW PUBLIC SCHOOLS

4570 Victoria Street North
Shoreview, MN 55126

Prepared by:
Finance Department

Executive Director of Business Services
Bernice Humnick

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INDEPENDENT SCHOOL DISTRICT NO. 621

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INTRODUCTORY SECTION

December 27, 2023

To the School Board, Employees, and Citizens of Mounds View Public Schools:

INTRODUCTION

The Annual Comprehensive Financial Report (ACFR) for Independent School District No. 621, Mounds View Public Schools (the District) is hereby submitted for the fiscal year ended June 30, 2023. The District's management assumes full responsibility for the completeness and accuracy of the information contained in this report. The report was prepared in accordance with accounting principles generally accepted in the United States of America.

Malloy, Montague, Karnowski, Radosevich & Co., P.A., Certified Public Accountants, has issued an unmodified ("clean") opinion on the District's financial statements for the year ended June 30, 2023. The Independent Auditor's Report is located at the front of the financial section of this report.

The management's discussion and analysis (MD&A) allows the District to explain, in general terms, its financial position and results of operations of the past fiscal year.

REPORT FORMAT

The ACFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this letter of transmittal, a list of School Board members and administration personnel, an organizational chart, and the Certificate of Excellence in Financial Reporting. The financial section includes the Independent Auditor's Report, MD&A, basic financial statements, required supplementary information, notes to required supplementary information, and the combining and individual fund statements and schedules presented as supplemental information. The statistical section includes selected financial and demographic information, generally presented on a multi-year comparative basis.

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

REPORTING ENTITY AND ITS SERVICES

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

The District provides a full range of public education services appropriate to grade levels ranging from pre-kindergarten through Grade 12. These include regular and enriched academic programs, special education programs, and vocational education. Food service and transportation are provided as supporting programs. The District's community education program includes early childhood and extended day programs, along with classes for lifelong learning experiences for children and adults.

The District is located in Ramsey County and serves the cities of Arden Hills, Mounds View, New Brighton, North Oaks, Roseville, Shoreview, and Vadnais Heights. It encompasses 42.64 square miles, with a resident population of 77,663.

During 2022–2023, the District operated 15 buildings, including 2 high schools, 3 middle schools, 6 elementary schools, 2 education centers, 1 early childhood center, and 1 district center. The average age of the District's buildings is approximately 60 years. The District served 11,407 students for the 2022–2023 school year.

LOCAL ECONOMIC CONDITION AND OUTLOOK

The various communities that comprise the District are diverse, independent, and nearly fully-developed. The District is seeing development in some pockets of its boundaries. The market values of property within the District have continued to increase over the past 10 years.

According to data from the Bureau of Economic Analysis, the per capita personal income in 2022 for the county was \$65,358 as compared to \$68,840 for the state of Minnesota, and \$65,470 for the United States.

According to the Bureau of Labor Statistics, the unemployment rate for Ramsey County continues to be lower than the national rates. In August 2023, the unemployment rate for Ramsey County was 3.3 percent, as compared to 3.1 percent for the state of Minnesota, and 3.8 percent for the United States.

MISSION STATEMENT AND STRATEGIC PLANNING

The following Strategic Plan Framework influenced the direction of the District in the 2022–2023 school year.

Mission Statement

The District will educate all learners through a broad range of programs that set high expectations and inspire outstanding achievement.

Vision

The District will create a learning system that is committed to and focused on high student achievement. This will be accomplished through a healthy, accountable, and balanced approach that integrates the key components of learning:

- Healthy Learning Climate
- Shared Leadership and Accountability
- High Student Achievement
- Essential Curriculum and Effective Instruction
- Meaningful Family and Community Partnerships
- Financial Oversight and Stewardship of Resources
- Continuous Improvement

Planning

A schoolhouse model best illustrates the goals, measures, and strategies that support our district's vision. Each room of the schoolhouse represents an area of strategic planning that supports the mission and vision of the District and reflects School Board policy as well.



FINANCIAL AND BUDGETARY CONTROL

The management of the District is responsible for establishing and maintaining internal controls designed to ensure that the assets of the District are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America and with Minnesota Uniform Financial Accounting and Reporting Standards. The internal control framework is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived, and 2) the valuation of costs and benefits requires estimates and judgments by management.

The legal level of budgetary control is demonstrated through an annual budget adopted by the School Board for the General, Special Revenue, and Debt Service Funds. Legal budgetary control is at the fund level. The budget process includes estimates of revenues and expenditures based upon agreed assumptions. The staff allocation formulas are determined based on need and available resources to accomplish the District's goals. The budget is adopted in June of each year and revised quarterly during the fiscal year of its implementation.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

FINANCIAL PROSPECTS FOR FUTURE YEARS

With the exception of voter-approved operating referendum, the District is dependent on the state of Minnesota for its revenue authority. Recent experience demonstrates that the legislated revenue has not been sufficient to meet instructional program needs and increased costs due to inflation. The District will continue to monitor its operations to ensure that revenues are sufficient to meet expenditures and to maintain a reasonable amount in reserve to cover any unforeseen expenditures.

The District approved a \$1,735.41 per pupil voter-approved operating referenda. This authority was approved in November 2019, with an inflationary increase each year for 10 years, set to expire in 2029–2030.

RELEVANT FINANCIAL POLICIES

The District has adopted a comprehensive set of financial policies. These policies have ensured the financial stability of the District, as well as provided guidance for current and future financial decisions.

The District has a number of financial policies that align with state statutes. In addition, the District has gone above and beyond the required policies to include additional policies that establish controls and procedures that are vital to the oversight of district finances. Two of these policies include:

1. The District's Investment Policy follows state statutes in determining what investments are allowed to be held by the District.
2. One of the District's most important finance policies is the District's Fund Balance Policy. This policy not only ensures the District maintains sufficient funds, but assists in important financial decisions. The District's Fund Balance Policy currently states:

"Based on an annual assessment of financial risk, the District's unassigned fund balance should remain within a recommended range of two–five months of General Fund expenditures. This range will provide the next budget cycle with a reserve that will be responsive to economic cycles and risk tolerance."

This policy is used in all current budget information and future budget projections and guides decision-making by the School Board.

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING


This report has been prepared following the guidelines provided by the Association of School Business Officials (ASBO) International for their Certificate of Excellence in Financial Reporting Program. In order to be awarded a Certificate of Excellence in Financial Reporting, a governmental unit must publish an easily readable and efficiently organized ACFR, which conforms to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Excellence in Financial Reporting is valid for a period of one year.

The District has received this award as the result of its initial submission for fiscal year 1998–1999 and all subsequent submissions on an annual basis through 2021–2022. We believe our current report conforms to Certificate of Excellence in Financial Reporting Program requirements of accuracy and thoroughness. The District intends to submit this report to the ASBO International Certificate of Excellence in Financial Reporting Program for consideration.

ACKNOWLEDGEMENTS

The preparation of this ACFR requires a significant amount of work on the part of a number of departments. Appreciation is extended to the many departments who contributed their time and expertise to this process. We would also like to express our appreciation to the School Board for its interest and support in planning and conducting the financial operation of the District in a responsible and progressive manner.

Respectfully Submitted,



Chris Lennox
Superintendent



Bernice Humnick
Executive Director of Business Services



Paula Steele
Director of Finance

INDEPENDENT SCHOOL DISTRICT NO. 621

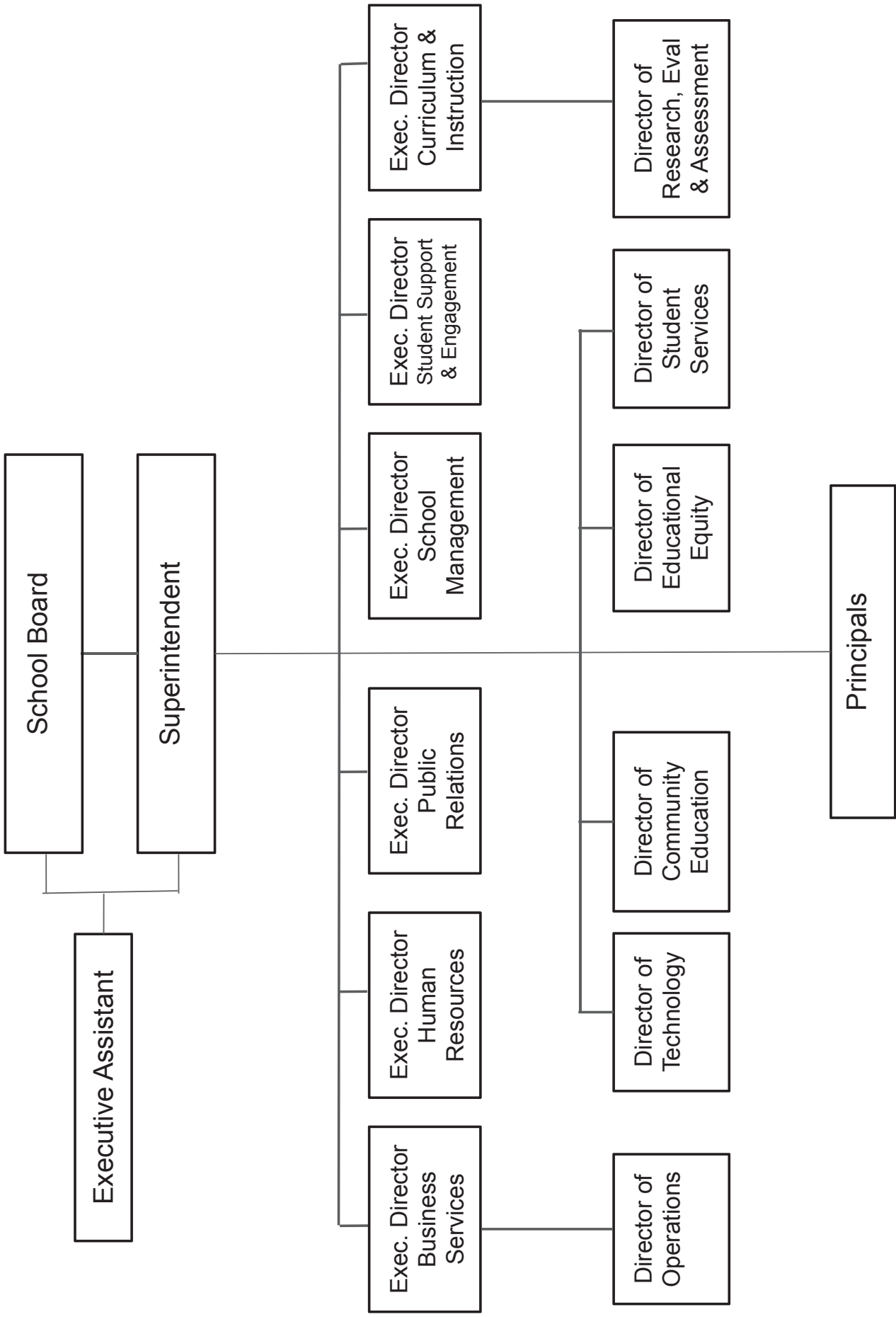
School Board and Administration
as of June 30, 2023

SCHOOL BOARD

Name	Term on Board Expires	Board Position
Jonathan Weinhausen	January 1, 2024	Chairperson
Diane Glasheen	January 5, 2026	Vice Chairperson
Sandra Westerman	January 1, 2024	Clerk
Shauna Bock	January 5, 2026	Treasurer
Heidi Danielson	January 1, 2024	Director
Jim DeMay	January 1, 2024	Director
Yolanda Magee	January 5, 2026	Director

ADMINISTRATION

Chris Lennox	Superintendent
Bernice Humnick	Executive Director of Business Services
Julie Coffey	Executive Director of Human Resources
Colin Sokolowski	Executive Director of Public Relations
Darin Johnson	Executive Director of School Management
Jen Lodin	Executive Director of Student Support and Engagement
Angie Peschel	Executive Director of Curriculum and Instruction
Chris Paquette	Director of Operations
Paula Steele	Director of Finance
Penny Pease	Director of Technology
Karl Brown	Director of Community Education
Jason Knighton-Johnson	Director of Educational Equity
Bev Zelinski	Director of Student Services
Mary Stobb	Director of Research, Evaluation and Assessment
Heather Schmidt	Nutrition Services Manager





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

**Independent School District 621 -
Mounds View Public Schools**

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

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



A handwritten signature in black ink, reading 'John W. Hutchison'. The signature is written in a cursive style with a large, flowing 'J'.

**John W. Hutchison
President**

A handwritten signature in black ink, reading 'Siobhán McMahon'. The signature is written in a cursive style with a large, flowing 'S'.

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

FINANCIAL SECTION



PRINCIPALS

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

INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Independent School District No. 621
Mounds View Public Schools
Shoreview, 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. 621, Mounds View Public Schools (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINIONS

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

EMPHASIS OF MATTER

Change in Accounting Principle

As described in Note 1 of the notes to basic financial statements, in fiscal 2023, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

(continued)

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

(continued)

REQUIRED SUPPLEMENTARY INFORMATION

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

SUPPLEMENTAL INFORMATION

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual fund financial statements and schedules, as listed in the table of contents, are presented for purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER INFORMATION

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

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

PRIOR YEAR COMPARATIVE INFORMATION

We have previously audited the District's 2022 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated December 27, 2022. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

(continued)

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota
December 27, 2023

INDEPENDENT SCHOOL DISTRICT NO. 621

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

This section of Independent School District No. 621, Mounds View Public Schools' (the District) annual comprehensive financial report (ACFR) presents management's narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2023. Please read it in conjunction with the other components of the District's ACFR.

FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2023 by \$14,940,451. The District's total net position increased by \$44,730,153 during the fiscal year ended June 30, 2023, excluding the prior period adjustment discussed below.
- Government-wide revenues totaled \$222,637,754 and were \$44,730,153 more than expenses of \$177,907,601.
- The District implemented Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). This change is further described in Note 1 of the notes to basic financial statements.
- During the year ended June 30, 2023, the District completed an updated calculation of its compensated absences identifying that the previous year balance was overstated by \$1,770,726 in the government-wide financial statements, reported as a prior period adjustment in the current year.
- The General Fund's total fund balance (under the governmental fund presentation) increased \$8,241,278 from the prior year, compared to a balanced budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the ACFR consists of the following parts:

- Independent Auditor's Report;
- Management's discussion and analysis;
- Basic financial statements, including the government-wide financial statements, fund financial statements, and the notes to basic financial statements;
- Required supplementary information; and
- Supplemental information, consisting of combining and individual fund statements and schedules.

The following explains the two types of statements included in the basic financial statements:

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

FUND FINANCIAL STATEMENTS

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

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. For Minnesota schools, funds are established in accordance with Uniform Financial Accounting and Reporting Standards in accordance with statutory requirements and accounting principles generally accepted in the United States of America.

The District maintains the following kinds of funds:

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

Proprietary Funds – The District maintains one type of proprietary fund. The internal service funds are used as an accounting device to accumulate and allocate costs internally among the District's various functions. The District uses its internal service funds to account for the self-insurance activities of district employees' medical and dental claims. These services have been included within governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary Funds – The District is the trustee, or fiduciary, for assets that belong to other organizations. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

Table 1 Summary Statement of Net Position as of June 30, 2023 and 2022		
	2023	2022
Assets		
Current and other assets	\$ 182,332,371	\$ 174,159,434
Capital assets, net of depreciation/amortization	215,972,023	219,723,330
Total assets	<u>\$ 398,304,394</u>	<u>\$ 393,882,764</u>
Deferred outflows of resources		
Pension plan deferments	\$ 36,892,273	\$ 37,815,525
OPEB plan deferments	523,574	412,612
Total deferred outflows of resources	<u>\$ 37,415,847</u>	<u>\$ 38,228,137</u>
Liabilities		
Current and other liabilities	\$ 24,305,397	\$ 23,563,436
Long-term liabilities, including due within one year	313,007,135	271,855,747
Total liabilities	<u>\$ 337,312,532</u>	<u>\$ 295,419,183</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 57,772,199	\$ 60,520,864
Pension plan deferments	23,894,471	107,154,010
OPEB plan deferments	1,800,588	577,272
Total deferred inflows of resources	<u>\$ 83,467,258</u>	<u>\$ 168,252,146</u>
Net position		
Net investment in capital assets	\$ 45,814,008	\$ 47,653,110
Restricted	16,795,549	9,846,918
Unrestricted	(47,669,106)	(89,060,456)
Total net position	<u>\$ 14,940,451</u>	<u>\$ (31,560,428)</u>

The District's financial position is the product of many factors. For example, the determination of the District's net investment in capital assets involves many assumptions and estimates, such as current and accumulated depreciation/amortization amounts. A conservative versus liberal approach to depreciation/amortization estimates, as well as capitalization policies, will produce a significant difference in the calculated amounts. The other major factors in determining net position as compared to fund balances are the liabilities for long-term severance, pensions, and other post-employment benefits (OPEB), which impact the unrestricted portion of net position.

The District's decrease in net investment in capital assets is due mostly to the relationship between the rate at which the District's capital assets are being depreciated/amortized and how that compares to the rate at which the District is repaying the debt issued to purchase or construct those assets. The increase in net position restricted for capital asset acquisition, debt service, food service, community service, OPEB and other state funding restrictions contributed to the change in this portion of net position. The change in the District's share of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans contributed to the change in deferred outflows, long-term liabilities, deferred inflows, and unrestricted net position. Unrestricted net position was also impacted by the increase in the General Fund and internal service fund operations.

Table 2 presents a summarized version of the District's Statement of Activities:

Table 2 Summary Statement of Activities for the Years Ended June 30, 2023 and 2022		
	2023	2022
Revenues		
Program revenues		
Charges for services	\$ 9,223,349	\$ 5,469,165
Operating grants and contributions	40,130,588	41,358,252
Capital grants and contributions	1,552,779	1,661,812
General revenues		
Property taxes	64,164,416	63,597,086
General grants and aids	100,509,871	97,897,858
Other	7,056,751	3,557,371
Total revenues	<u>222,637,754</u>	<u>213,541,544</u>
Expenses		
Administration	6,194,851	6,445,592
District support services	6,628,390	5,338,857
Elementary and secondary regular instruction	63,898,887	75,336,039
Vocational education instruction	1,664,422	1,853,615
Special education instruction	26,206,385	28,128,688
Instructional support services	12,281,559	11,172,927
Pupil support services	20,001,528	20,785,814
Sites and buildings	20,408,341	22,940,844
Fiscal and other fixed cost programs	752,819	690,636
Food service	6,398,882	6,836,818
Community service	7,119,410	5,768,598
Interest and fiscal charges	6,352,127	6,767,534
Total expenses	<u>177,907,601</u>	<u>192,065,962</u>
Change in net position	44,730,153	21,475,582
Net position – beginning, as previously reported	(31,560,428)	(53,036,010)
Prior period adjustment	1,770,726	–
Net position – beginning, restated	<u>(29,789,702)</u>	<u>(53,036,010)</u>
Net position – ending	<u>\$ 14,940,451</u>	<u>\$ (31,560,428)</u>

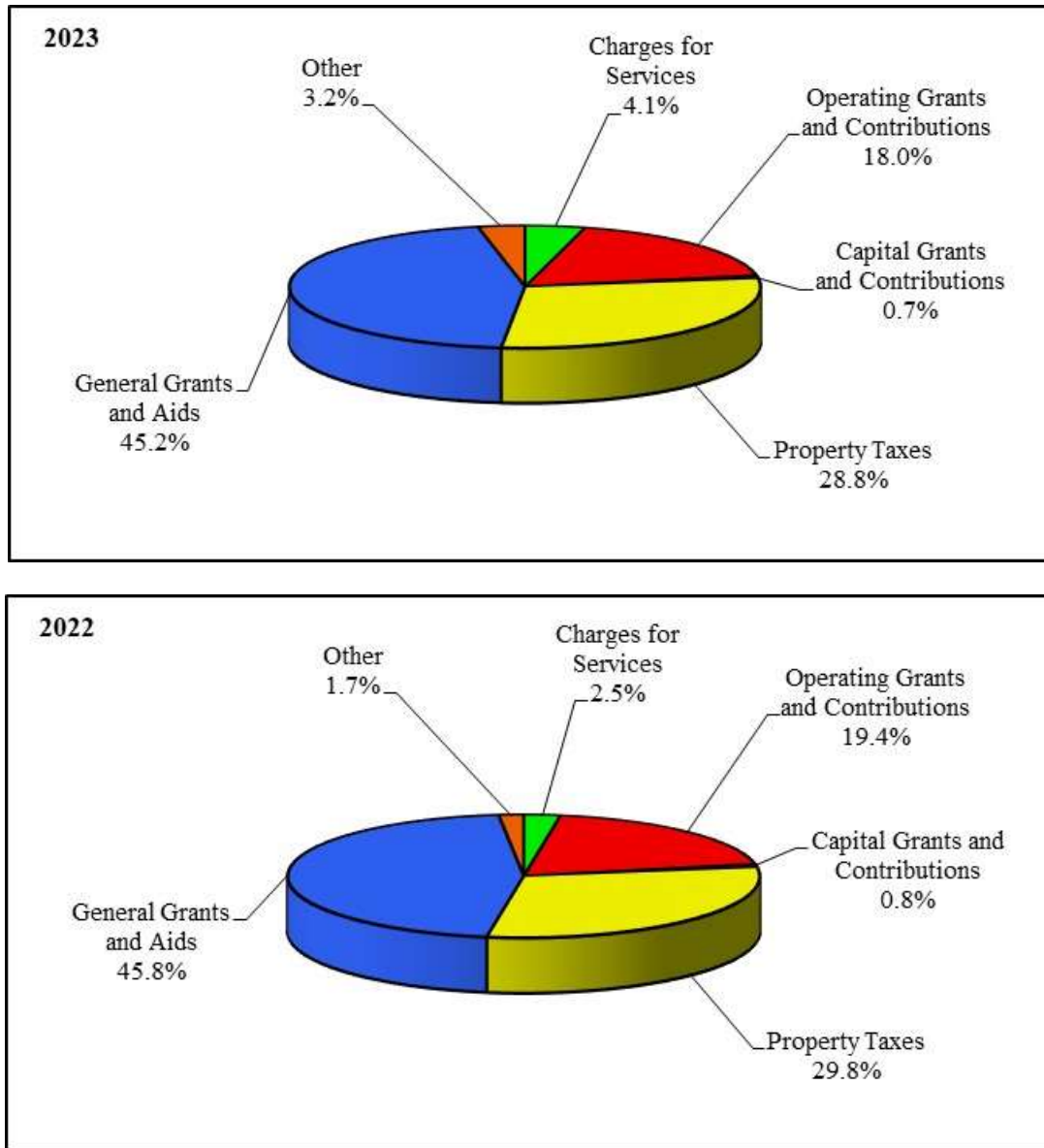
This table is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation/amortization expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

As seen above, total revenues for fiscal year 2023 were \$9,096,210 more than the prior year. Charges for services increased \$3,754,184, mainly due to the District's transition back to a traditional food service program, which was also the primary cause of a reduction in operating grants and contributions. The District operated a Summer Seamless Option Program in fiscal 2022, which provided federally-funded free meals to all students at the highest available reimbursement rate. General grants and aids increased, mainly due to an increase in state general education grants and aids. Other general revenues increased due to improved investment market performance and interest rates.

Governmental activities expense decreased \$14,158,361 from last year, mainly due to changes in state-wide pension plans offset by inflationary increases.

Figure A shows further analysis of these revenue sources:

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



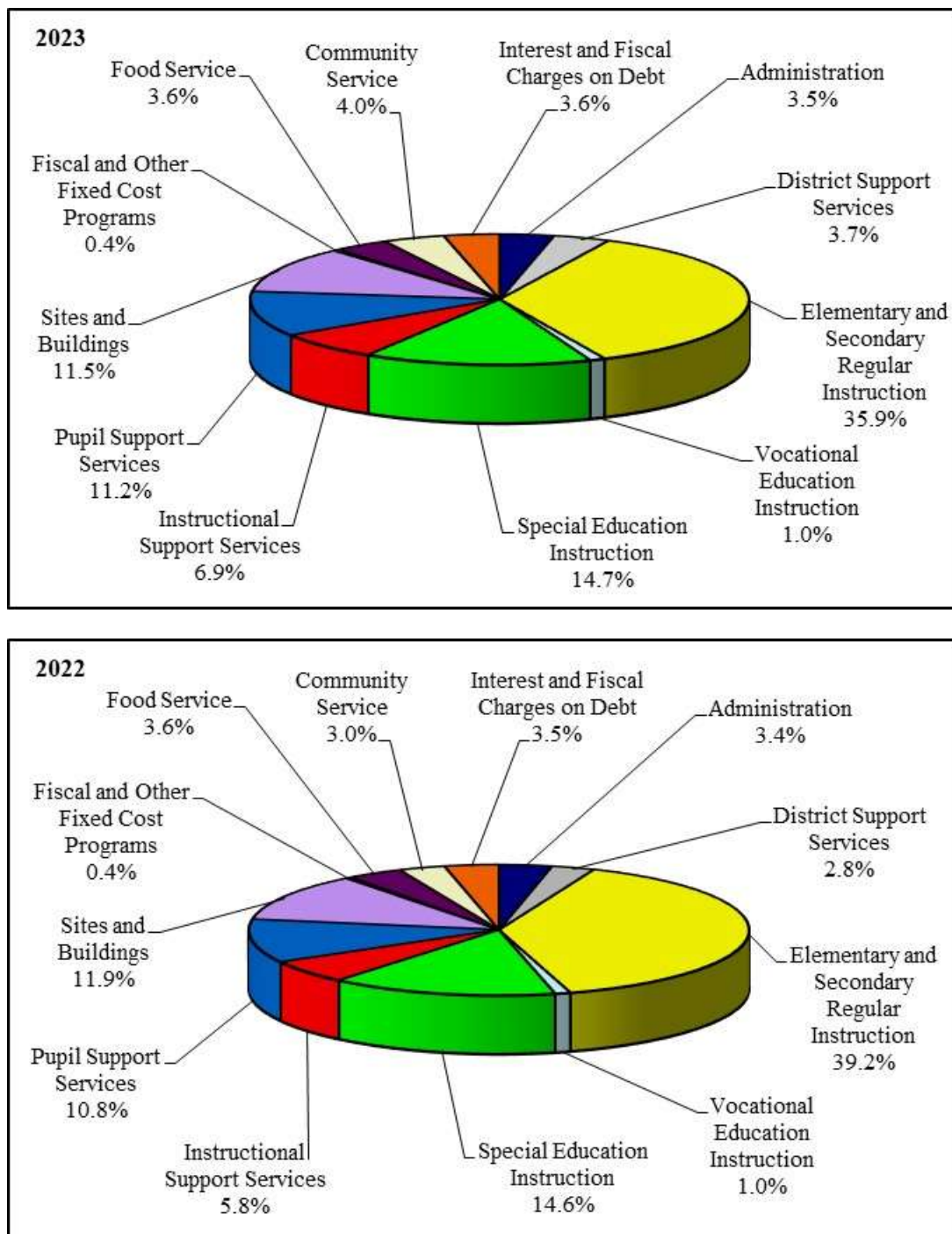
The largest share of the District's revenue is received from the state, including the general grants and aids formula and most of the operating grants.

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

Operating grants and contributions decreased and charges for services increased, due to the aforementioned transition back to the National School Lunch Program for food service.

Figure B shows further analysis of these expense functions:

Figure B – Expenses for Fiscal Years 2023 and 2022

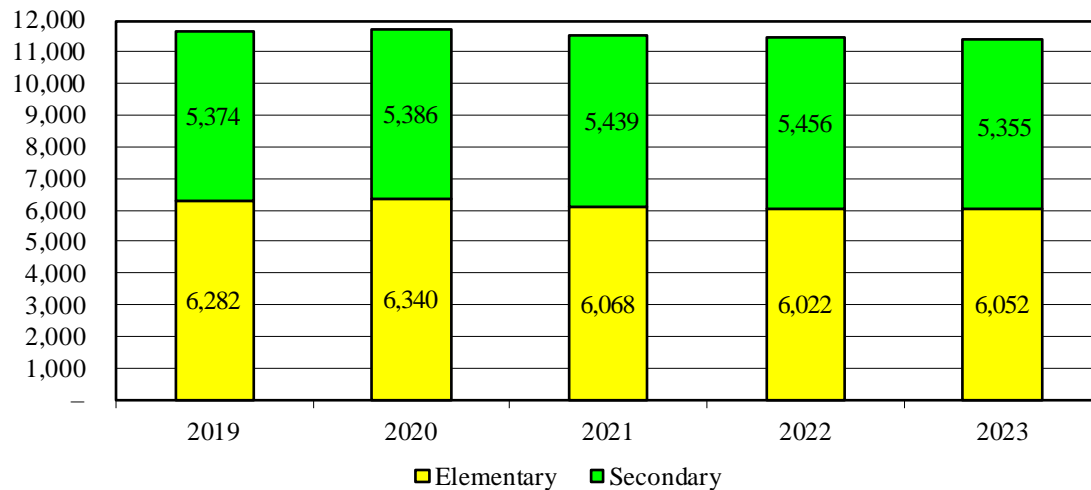


The District's expenses are predominately related to educating students. Programs (or functions), such as elementary and secondary regular instruction, vocational education instruction, special education instruction, and instructional support services, are directly related to classroom instruction, while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

ENROLLMENT

Enrollment is a critical factor in determining General Fund revenue. The following chart shows that the number of students attending the District slightly declined in the current year and prior year:

Figure C
Students (Average Daily Membership)



The District experienced a decrease of 71 students in fiscal 2023, based on average daily membership, which is a combination of an increase of 30 elementary students and a decrease of 101 secondary students.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Table 3 Governmental Fund Balances as of June 30, 2023 and 2022			
	<u>2023</u>	<u>2022</u>	<u>Change</u>
Major funds			
General	\$ 56,344,970	\$ 48,103,692	\$ 8,241,278
Capital Projects – Building Construction	8,825,514	14,184,801	(5,359,287)
Debt Service	3,938,708	2,937,315	1,001,393
Nonmajor funds			
Food Service Special Revenue	5,538,284	4,913,251	625,033
Community Service Special Revenue	<u>4,347,599</u>	<u>2,740,067</u>	<u>1,607,532</u>
Total governmental funds	<u>\$ 78,995,075</u>	<u>\$ 72,879,126</u>	<u>\$ 6,115,949</u>

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

At June 30, 2023, the District's governmental funds reported combined fund balances of \$78,995,075, an increase of \$6,115,949, in comparison with the prior year. Approximately 46.1 percent of this amount, \$36,451,592, constitutes unassigned fund balance, which is available for spending at the District's discretion and meets the District's unassigned fund balance policy. The remainder of the fund balance is either nonspendable, restricted, or assigned to indicate that it is: 1) not in spendable form – \$711,611, 2) restricted for particular purposes – \$25,827,476, or 3) assigned for particular purposes – \$16,004,396.

Changes in the table above are discussed on the following pages.

ANALYSIS OF THE GENERAL FUND

Table 4 summarizes the amendments to the General Fund budget:

Table 4 General Fund Budget				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Change</u>	<u>Percent Change</u>
Revenues	<u>\$ 172,827,849</u>	<u>\$ 180,461,339</u>	<u>\$ 7,633,490</u>	<u>4.4%</u>
Expenditures	<u>\$ 172,827,849</u>	<u>\$ 180,461,339</u>	<u>\$ 7,633,490</u>	<u>4.4%</u>

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to above as the original budget.

During the year, the District amended the budget for known significant changes in circumstances such as: updated enrollment estimates, legislative changes, additional funding received from grants or other local sources, staffing changes, employee contract settlements, insurance premium changes, special education tuition changes, or for new debt issued.

Table 5 summarizes the operating results of the General Fund:

Table 5 General Fund Operating Results					
	<u>2023 Actual</u>	<u>Over (Under)</u> <u>Final Budget</u>		<u>Over (Under)</u> <u>Prior Year</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Revenues and other financing sources	\$ 184,817,695	\$ 4,356,356	2.4%	\$ 6,344,151	3.6%
Expenditures	<u>176,576,417</u>	\$ (3,884,922)	(2.2%)	\$ 2,274,856	1.3%
Net change in fund balances	<u>\$ 8,241,278</u>				

The fund balance of the General Fund increased \$8,241,278, compared to a balanced budget.

General Fund revenues and other financing sources for 2023 increased \$6,344,151, or 3.6 percent, compared to the prior year, and were \$4,356,356, or 2.4 percent, over budget. Increases in general education and special education state aids and investment earnings contributed to the overall increase in revenue. The variance to budget was primarily in state sources, mainly in state special education aid. Investment earnings were also over budget due to positive investment market performance.

Current year expenditures of \$176,576,417 were \$3,884,922, or 2.2 percent, under budget. The expenditure variance was spread across several programs and object categories of the General Fund. The largest variances occurred in personnel spending in elementary and secondary regular instruction with open positions.

Total General Fund expenditures for 2023 increased \$2,274,856, or 1.3 percent, over the prior year. Expenditure increases were mainly for salaries and benefits, due to contractual wage increases, and an increase in capital expenditures in the sites, buildings, and other area, due to a new building lease issued in the current year.

COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER MAJOR FUNDS

Capital Projects – Building Construction Fund

The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities financed with voter-approved building bonds. At June 30, 2023, the District had a total fund balance of \$8,825,514, which reflects a decrease of \$5,359,287.

Debt Service Fund

Debt Service Fund revenues exceeded expenditures by \$1,001,393 in the current year, compared to a \$399,713 fund balance increase anticipated in the budget. The funding of debt service is controlled in accordance with each outstanding debt issue's financing plan. The remaining fund balance of \$3,938,708 at June 30, 2023 is available for meeting future debt service obligations.

Internal Service Funds

Internal service funds are used to account for the financing of goods and services provided by one department or agency of a government to other departments or agencies on a cost-reimbursement basis. The District currently maintains two internal service funds. These funds are used to account for the District's self-insured health and dental insurance functions.

Operating revenues for the internal service funds for fiscal 2023 totaled \$24,090,471. This is an increase from the fiscal year 2022 operating revenue level of \$23,558,954. Nonoperating revenues totaled \$511,893, which is an increase from the fiscal year 2022 nonoperating revenue of \$23,676. Operating expenses totaled \$22,647,536, which represents an increase from fiscal year 2022 operating expenses of \$21,455,804, due to an increase in health and dental benefit claims.

The net position balance for all internal service funds as of June 30, 2023 was \$12,569,157, which represents a \$1,954,828 increase from the prior year.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

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

Table 6			
Capital Assets			
	2023	2022	Change
Land	\$ 4,617,881	\$ 4,617,881	\$ –
Construction in progress	956,850	1,117,608	(160,758)
Land improvements	12,679,688	11,923,971	755,717
Buildings	353,451,039	348,207,995	5,243,044
Buildings – leased	3,126,090	2,490,291	635,799
Furniture and equipment	12,848,042	12,350,596	497,446
Technology subscriptions	278,123	–	278,123
Less accumulated depreciation/amortization	(171,985,690)	(160,985,012)	(11,000,678)
Total	<u>\$ 215,972,023</u>	<u>\$ 219,723,330</u>	<u>\$ (3,751,307)</u>
Depreciation/amortization expense	<u>\$ 11,309,589</u>	<u>\$ 11,025,001</u>	<u>\$ 284,588</u>

The changes presented in the table above reflect the ongoing activity of projects at district sites during fiscal year 2023, consistent with the activity of the Capital Projects – Building Construction Fund, as discussed on the previous page.

Long-Term Liabilities

Table 7 illustrates the components of the District's long-term liabilities with changes from the prior year:

Table 7			
Outstanding Long-Term Liabilities			
	2023	2022	Change
General obligation bonds	\$ 172,370,000	\$ 184,390,000	\$ (12,020,000)
Unamortized premium/discount	7,529,390	8,339,077	(809,687)
Finance purchase payable	4,255,941	4,483,462	(227,521)
Lease liability	1,656,925	1,606,384	50,541
Technology subscription liability	178,712	–	178,712
Net/total pension liability	124,833,115	68,897,096	55,936,019
Severance benefits payable	1,277,228	1,565,511	(288,283)
Compensated absences payable	905,824	2,574,217	(1,668,393)
Total	<u>\$ 313,007,135</u>	<u>\$ 271,855,747</u>	<u>\$ 41,151,388</u>

The changes in general obligation bonds, finance purchase payable, and unamortized premium/discount in the table above are primarily due to principal payments and amortization during fiscal year 2023, as planned in the approved repayment schedules. The District reported a liability with a new technology subscription liability agreement, accounting for the change in this category, in accordance with SBITAs guidance implemented in the current year. The difference in the net/total pension liability mainly reflects the change in the District's proportionate share of the state-wide PERA and TRA pension plans.

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

Table 8 Limitations on Debt	
District’s market value	\$ 13,183,343,608
Limit rate	<u>15.0%</u>
Legal debt limit	<u><u>\$ 1,977,501,541</u></u>

Additional details of the District’s capital assets and long-term debt activity can be found in the notes to basic financial statements.

FACTORS BEARING ON THE DISTRICT’S FUTURE

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

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

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

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This ACFR is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Finance Department at Independent School District No. 621, Mounds View Public Schools, 4570 Victoria Street North, Shoreview, Minnesota 55126, or at www.moundsvIEWSchools.org.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Governmental Activities	
	2023	2022
Assets		
Cash and temporary investments	\$ 112,571,276	\$ 110,654,429
Receivables		
Current taxes	33,295,365	34,449,855
Delinquent taxes	913,489	860,530
Accounts and interest	148,850	371,245
Due from other governmental units	22,166,677	16,101,268
Due from Post-Employment Benefits Trust Fund	1,923,774	1,229,318
Inventory	39,751	42,384
Prepaid items	671,860	1,424,586
Net OPEB asset	10,601,329	9,025,819
Capital assets		
Not depreciated/amortized	5,574,731	5,735,489
Depreciated, net of accumulated depreciation/amortization	210,397,292	213,987,841
Total capital assets, net of accumulated depreciation/amortization	<u>215,972,023</u>	<u>219,723,330</u>
Total assets	398,304,394	393,882,764
Deferred outflows of resources		
Pension plan deferments	36,892,273	37,815,525
OPEB plan deferments	523,574	412,612
Total deferred outflows of resources	<u>37,415,847</u>	<u>38,228,137</u>
Total assets and deferred outflows of resources	<u>\$ 435,720,241</u>	<u>\$ 432,110,901</u>
Liabilities		
Salaries payable	\$ 10,484,341	\$ 9,816,252
Accounts and contracts payable	5,273,846	5,466,175
Accrued interest payable	2,884,650	3,041,468
Due to other governmental units	600,338	576,268
Unearned revenue	3,556,906	3,460,899
Claims incurred, but not reported	1,505,316	1,202,374
Long-term liabilities		
Due within one year	15,102,744	15,164,730
Due in more than one year	297,904,391	256,691,017
Total long-term liabilities	<u>313,007,135</u>	<u>271,855,747</u>
Total liabilities	337,312,532	295,419,183
Deferred inflows of resources		
Property taxes levied for subsequent year	57,772,199	60,520,864
Pension plan deferments	23,894,471	107,154,010
OPEB plan deferments	1,800,588	577,272
Total deferred inflows of resources	<u>83,467,258</u>	<u>168,252,146</u>
Net position		
Net investment in capital assets	45,814,008	47,653,110
Restricted for		
Capital asset acquisition	2,093,919	1,006,475
Debt service	1,358,978	87,546
Food service	5,538,284	4,913,251
Community service	4,364,289	3,383,871
OPEB	2,316,876	—
Other purposes (state funding restrictions)	1,123,203	455,775
Unrestricted	(47,669,106)	(89,060,456)
Total net position	<u>14,940,451</u>	<u>(31,560,428)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 435,720,241</u>	<u>\$ 432,110,901</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	2023				2022	
		Program Revenues			Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Governmental Activities
Governmental activities						
Administration	\$ 6,194,851	\$ —	\$ —	\$ —	\$ (6,194,851)	\$ (6,445,592)
District support services	6,628,390	—	—	—	(6,628,390)	(5,338,857)
Elementary and secondary regular instruction	63,898,887	864,571	3,581,658	—	(59,452,658)	(71,692,242)
Vocational education instruction	1,664,422	—	—	—	(1,664,422)	(1,853,615)
Special education instruction	26,206,385	484,675	29,483,394	—	3,761,684	668,106
Instructional support services	12,281,559	156,654	44,334	—	(12,080,571)	(11,030,914)
Pupil support services	20,001,528	361,453	25,000	—	(19,615,075)	(20,541,817)
Sites and buildings	20,408,341	9,192	615,818	1,552,779	(18,230,552)	(20,426,371)
Fiscal and other fixed cost programs	752,819	—	—	—	(752,819)	(690,636)
Food service	6,398,882	3,157,805	4,110,993	—	869,916	2,104,442
Community service	7,119,410	4,188,999	2,269,391	—	(661,020)	(1,561,703)
Interest and fiscal charges	6,352,127	—	—	—	(6,352,127)	(6,767,534)
Total governmental activities	<u>\$177,907,601</u>	<u>\$ 9,223,349</u>	<u>\$ 40,130,588</u>	<u>\$ 1,552,779</u>	(127,000,885)	(143,576,733)
General revenues						
Taxes						
Property taxes, levied for general purposes					43,680,676	43,565,477
Property taxes, levied for community service					1,056,043	1,006,846
Property taxes, levied for debt service					19,427,697	19,024,763
General grants and aids					100,509,871	97,897,858
Other general revenues					3,226,981	3,007,078
Investment earnings					3,829,770	550,293
Total general revenues					<u>171,731,038</u>	<u>165,052,315</u>
Change in net position					44,730,153	21,475,582
Net position – beginning, as previously reported					(31,560,428)	(53,036,010)
Prior period adjustment					1,770,726	—
Net position – beginning, restated					<u>(29,789,702)</u>	<u>(53,036,010)</u>
Net position – ending					<u>\$ 14,940,451</u>	<u>\$ (31,560,428)</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Assets			
Cash and temporary investments	\$ 62,661,855	\$ 9,864,998	\$ 12,518,575
Receivables			
Current taxes	22,259,374	–	10,451,732
Delinquent taxes	609,532	–	288,113
Accounts and interest	145,375	–	–
Due from other governmental units	20,554,127	–	52,256
Due from other funds	1,923,774	–	–
Inventory	–	–	–
Prepaid items	671,860	–	–
Total assets	\$ 108,825,897	\$ 9,864,998	\$ 23,310,676
Liabilities			
Salaries payable	\$ 10,179,292	\$ –	\$ –
Accounts and contracts payable	3,206,029	1,039,484	2,366
Due to other governmental units	600,338	–	–
Unearned revenue	201,227	–	–
Total liabilities	14,186,886	1,039,484	2,366
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	652,254	–	304,920
Property taxes levied for subsequent year	37,641,787	–	19,064,682
Total deferred inflows of resources	38,294,041	–	19,369,602
Fund balances			
Nonspendable	671,860	–	–
Restricted	3,217,122	8,825,514	3,938,708
Assigned	16,004,396	–	–
Unassigned	36,451,592	–	–
Total fund balances	56,344,970	8,825,514	3,938,708
Total liabilities, deferred inflows of resources, and fund balances	\$ 108,825,897	\$ 9,864,998	\$ 23,310,676

Nonmajor Funds	Total Governmental Funds	
	2023	2022
\$ 10,096,012	\$ 95,141,440	\$ 95,891,695
584,259	33,295,365	34,449,855
15,844	913,489	860,530
3,475	148,850	371,245
1,560,294	22,166,677	16,101,268
—	1,923,774	1,229,318
39,751	39,751	42,384
—	671,860	1,424,586
<u>\$ 12,299,635</u>	<u>\$ 154,301,206</u>	<u>\$ 150,370,881</u>
\$ 305,049	\$ 10,484,341	\$ 9,816,252
286,332	4,534,211	5,013,541
—	600,338	576,268
739,951	941,178	967,502
<u>1,331,332</u>	<u>16,560,068</u>	<u>16,373,563</u>
16,690	973,864	597,328
1,065,730	57,772,199	60,520,864
<u>1,082,420</u>	<u>58,746,063</u>	<u>61,118,192</u>
39,751	711,611	1,466,970
9,846,132	25,827,476	26,820,726
—	16,004,396	7,296,912
—	36,451,592	37,294,518
<u>9,885,883</u>	<u>78,995,075</u>	<u>72,879,126</u>
<u>\$ 12,299,635</u>	<u>\$ 154,301,206</u>	<u>\$ 150,370,881</u>

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INDEPENDENT SCHOOL DISTRICT NO. 621

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

	2023	2022
Total fund balances – governmental funds	\$ 78,995,075	\$ 72,879,126
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	387,957,713	380,708,342
Accumulated depreciation/amortization	(171,985,690)	(160,985,012)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt issuance premiums and discounts are excluded from net position until amortized, but are included in fund balances upon issuance as other financing sources and uses.		
General obligation bonds	(172,370,000)	(184,390,000)
Unamortized premium/discount	(7,529,390)	(8,339,077)
Finance purchase payable	(4,255,941)	(4,483,462)
Lease liability	(1,656,925)	(1,606,384)
Technology subscription liability	(178,712)	–
Net/total pension liability	(124,833,115)	(68,897,096)
Severance benefits payable	(1,277,228)	(1,565,511)
Compensated absences payable	(905,824)	(2,574,217)
Net OPEB asset reported in the Statement of Net Position does not require the use of current financial resources and is not reported in the governmental funds.	10,601,329	9,025,819
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.	12,569,157	10,614,329
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.	(2,884,650)	(3,041,468)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	36,892,273	37,815,525
Deferred outflows of resources – OPEB plan deferments	523,574	412,612
Deferred inflows of resources – pension plan deferments	(23,894,471)	(107,154,010)
Deferred inflows of resources – OPEB plan deferments	(1,800,588)	(577,272)
Deferred inflows of resources – unavailable revenue – delinquent property taxes	973,864	597,328
Total net position – governmental activities	\$ 14,940,451	\$ (31,560,428)

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Revenue			
Local sources			
Property taxes	\$ 43,423,315	\$ –	\$ 19,314,476
Investment earnings	2,091,483	595,218	313,162
Other	3,469,860	–	–
State sources	125,360,002	–	523,490
Federal sources	9,353,969	–	–
Total revenue	183,698,629	595,218	20,151,128
Expenditures			
Current			
Administration	7,067,871	–	–
District support services	6,731,271	–	–
Elementary and secondary regular instruction	72,745,532	–	–
Vocational education instruction	2,093,217	–	–
Special education instruction	31,559,392	–	–
Instructional support services	13,994,935	–	–
Pupil support services	21,442,046	–	–
Sites and buildings	18,850,392	–	–
Fiscal and other fixed cost programs	752,819	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	–	5,954,505	–
Debt service			
Principal	1,150,045	–	12,020,000
Interest and fiscal charges	188,897	–	7,129,735
Total expenditures	176,576,417	5,954,505	19,149,735
Excess (deficiency) of revenue over expenditures	7,122,212	(5,359,287)	1,001,393
Other financing sources			
Lease issued	931,539	–	–
Technology subscription issued	178,335	–	–
Insurance recovery	9,192	–	–
Total other financing sources	1,119,066	–	–
Net change in fund balances	8,241,278	(5,359,287)	1,001,393
Fund balances			
Beginning of year	48,103,692	14,184,801	2,937,315
End of year	\$ 56,344,970	\$ 8,825,514	\$ 3,938,708

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds	
	2023	2022
\$ 1,050,089	\$ 63,787,880	\$ 63,533,019
318,014	3,317,877	526,617
8,971,278	12,441,138	8,292,696
1,413,799	127,297,291	123,946,013
4,968,224	14,322,193	17,520,500
16,721,404	221,166,379	213,818,845
—	7,067,871	6,993,836
—	6,731,271	5,852,718
—	72,745,532	72,367,322
—	2,093,217	1,977,036
—	31,559,392	30,175,462
—	13,994,935	11,863,138
—	21,442,046	21,205,823
—	18,850,392	21,610,406
—	752,819	690,636
6,138,944	6,138,944	6,759,993
7,587,804	7,587,804	6,018,262
740,176	6,694,681	1,709,863
21,915	13,191,960	12,284,210
—	7,318,632	7,748,178
14,488,839	216,169,496	207,256,883
2,232,565	4,996,883	6,561,962
—	931,539	27,080
—	178,335	—
—	9,192	183,547
—	1,119,066	210,627
2,232,565	6,115,949	6,772,589
7,653,318	72,879,126	66,106,537
\$ 9,885,883	\$ 78,995,075	\$ 72,879,126

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INDEPENDENT SCHOOL DISTRICT NO. 621

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

	2023	2022
Total net change in fund balances – governmental funds	\$ 6,115,949	\$ 6,772,589
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation/amortization expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	7,494,464	1,644,431
Depreciation/amortization expense	(11,309,589)	(11,025,001)
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
Lease liability	(931,539)	(27,080)
Technology subscription liability	(178,335)	–
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds payable	12,020,000	11,180,000
Finance purchase payable	227,521	220,303
Lease liability	880,998	883,907
Technology subscription liability	63,441	–
Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.	809,687	803,606
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Net/total pension liability	(55,936,019)	44,961,724
Severance benefits payable	288,283	(88,868)
Compensated absences payable	(102,333)	67,541
The change in the net OPEB asset does not require the use of current financial resources and is not included in the change in fund balances.	1,575,510	(3,231,416)
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.	156,818	177,038
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.	1,954,828	2,126,826
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	(923,252)	(7,384,303)
Deferred outflows of resources – OPEB plan deferments	110,962	(127,058)
Deferred inflows of resources – pension plan deferments	83,259,539	(29,326,094)
Deferred inflows of resources – OPEB plan deferments	(1,223,316)	3,783,370
Deferred inflows of resources – unavailable revenue – delinquent property taxes	376,536	64,067
Change in net position – governmental activities	<u>\$ 44,730,153</u>	<u>\$ 21,475,582</u>

See notes to basic financial statements

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INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Property taxes	\$ 43,267,344	\$ 43,267,344	\$ 43,423,315	\$ 155,971
Investment earnings	50,000	50,000	2,091,483	2,041,483
Other	2,195,500	3,177,419	3,469,860	292,441
State sources	123,262,771	123,262,771	125,360,002	2,097,231
Federal sources	4,052,234	10,703,805	9,353,969	(1,349,836)
Total revenue	172,827,849	180,461,339	183,698,629	3,237,290
Expenditures				
Current				
Administration	6,545,526	6,551,525	7,067,871	516,346
District support services	5,728,122	5,836,125	6,731,271	895,146
Elementary and secondary regular instruction	74,173,749	80,763,219	72,745,532	(8,017,687)
Vocational education instruction	2,509,621	2,528,008	2,093,217	(434,791)
Special education instruction	30,468,381	30,928,602	31,559,392	630,790
Community service	610,595	610,595	—	(610,595)
Instructional support services	10,386,768	12,146,985	13,994,935	1,847,950
Pupil support services	21,310,816	21,678,460	21,442,046	(236,414)
Sites and buildings	20,150,895	17,171,242	18,850,392	1,679,150
Fiscal and other fixed cost programs	571,976	571,976	752,819	180,843
Debt service				
Principal	220,303	1,279,512	1,150,045	(129,467)
Interest and fiscal charges	151,097	395,090	188,897	(206,193)
Total expenditures	172,827,849	180,461,339	176,576,417	(3,884,922)
Excess of revenue over expenditures	—	—	7,122,212	7,122,212
Other financing sources				
Lease issued	—	—	931,539	931,539
Technology subscription issued	—	—	178,335	178,335
Insurance recovery	—	—	9,192	9,192
Total other financing sources	—	—	1,119,066	1,119,066
Net change in fund balances	\$ —	\$ —	8,241,278	\$ 8,241,278
Fund balances				
Beginning of year			48,103,692	
End of year			\$ 56,344,970	

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	<u>2023</u>	<u>2022</u>
Assets		
Current assets		
Cash and temporary investments	\$ 17,429,836	\$ 14,762,734
Liabilities		
Current liabilities		
Claims payable	739,635	452,634
Claims incurred, but not reported	1,505,316	1,202,374
Unearned revenue	<u>2,615,728</u>	<u>2,493,397</u>
Total current liabilities	<u>4,860,679</u>	<u>4,148,405</u>
Net position		
Unrestricted	<u>\$ 12,569,157</u>	<u>\$ 10,614,329</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	<u>2023</u>	<u>2022</u>
Operating revenue		
Charges for services	\$ 24,090,471	\$ 23,558,954
Operating expenses		
Dental benefit claims	1,503,301	1,308,090
Medical benefit claims	<u>21,144,235</u>	<u>20,147,714</u>
Total operating expenses	<u>22,647,536</u>	<u>21,455,804</u>
Operating income	1,442,935	2,103,150
Nonoperating revenue		
Investment earnings	<u>511,893</u>	<u>23,676</u>
Change in net position	1,954,828	2,126,826
Net position		
Beginning of year	<u>10,614,329</u>	<u>8,487,503</u>
End of year	<u>\$ 12,569,157</u>	<u>\$ 10,614,329</u>

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INDEPENDENT SCHOOL DISTRICT NO. 621

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

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Assessments from other funds and employee contributions	\$ 24,212,802	\$ 23,595,166
Payment for dental claims	(1,573,545)	(1,185,073)
Payment for medical claims	(20,484,048)	(19,807,518)
Net cash flows from operating activities	<u>2,155,209</u>	<u>2,602,575</u>
Cash flows from investing activities		
Investment income received	<u>511,893</u>	<u>23,676</u>
Net change in cash and cash equivalents	2,667,102	2,626,251
Cash and cash equivalents		
Beginning of year	<u>14,762,734</u>	<u>12,136,483</u>
End of year	<u><u>\$ 17,429,836</u></u>	<u><u>\$ 14,762,734</u></u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$ 1,442,935	\$ 2,103,150
Adjustments to reconcile operating income to net cash flows from operating activities		
Changes in assets and liabilities		
Claims payable	287,001	342,924
Claims incurred, but not reported	302,942	120,289
Unearned revenue	122,331	36,212
Total changes in assets and liabilities	<u>712,274</u>	<u>499,425</u>
Net cash flows from operating activities	<u><u>\$ 2,155,209</u></u>	<u><u>\$ 2,602,575</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Post-Employment Benefits Trust Fund
Assets	
Investments, at fair value	
Minnesota State Board of Investment	
Non-Retirement Money Market Fund	\$ 7,920,901
Non-Retirement Equity Fund	12,145,036
Non-Retirement Bond Fund	7,016,229
Total assets	<u>27,082,166</u>
Liabilities	
Due to governmental funds	<u>1,923,774</u>
Net position	
Held in trust for OPEB benefits	<u>\$ 25,158,392</u>

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

	Post-Employment Benefits Trust Fund
Additions	
Investment earnings	\$ 2,282,571
Deductions	
Post-employment benefit costs	<u>1,923,774</u>
Change in net position	358,797
Net position	
Beginning of year	<u>24,799,595</u>
End of year	<u>\$ 25,158,392</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

Notes to Basic Financial Statements June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 621, Mounds View Public Schools (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District is governed by a School Board elected by voters of the District. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

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

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

C. Government-Wide Financial Statement Presentation

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment 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 internally directed revenues are reported as general revenues.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Depreciation and amortization expense is included as a direct expense in the functional areas that utilize the related capital assets. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

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

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

- 1. Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District generally considers revenues to be available if they are collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to Minnesota Statutes. Proceeds of long-term debt and acquisitions under leases and subscription-based information technology arrangements (SBITAs) are reported as other financing sources.
- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and other long-term liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

The proprietary funds (internal service funds) are presented in the proprietary fund financial statements. Because the principal users of the internal services are the District’s governmental activities, the Proprietary Funds (internal service funds) are consolidated into the governmental activities 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. The principal operating revenue of the District’s internal service funds are assessments to governmental funds for employee insurance and employee contributions toward coverage. Operating expenses for the District’s internal service funds include the cost of providing the services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary funds are presented in the fiduciary fund financial statements by type: the District has a Post-Employment Benefits Trust 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 financial statements.

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

Description of Funds

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

Major Governmental Funds

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

Capital Projects – Building Construction Fund – The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities authorized by bond issue or the Long-Term Facilities Maintenance Program.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and payment of, general obligation bond principal, interest, and related costs. The regular debt service account is used for all general obligation debt service except for the financial activities of the other post-employment benefits (OPEB) debt service account. The OPEB debt service account is used for the 2015A Taxable OPEB Refunding Bond issue.

Nonmajor Governmental Funds

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

Community Service Special Revenue Fund – The Community Service Special Revenue Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, adult or early childhood programs, extended day programs, or other similar services.

Proprietary Funds

Internal Service Funds – Internal service funds account for the financing of goods or services provided by one department to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The District's internal service funds are used to account for dental and medical insurance benefits offered by the District to its employees as a self-insured plan.

Fiduciary Fund

Post-Employment Benefits Trust Fund – The Post-Employment Benefits Trust Fund is used to administer assets held in an irrevocable trust to fund OPEB for eligible employees.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgeting

The School Board adopts an annual budget for the General, Food Service Special Revenue, Community Service Special Revenue, and the Debt Service Funds prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. Budgeted expenditure appropriations lapse at year-end.

F. Cash and Investments

Cash and temporary investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund. Bond proceeds recorded in the Capital Projects – Building Construction Fund are not pooled, and earnings on these proceeds are allocated directly to the fund.

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the Post-Employment Benefits Trust Fund, this represents assets contributed to an irrevocable trust established to finance the District's liability for post-employment insurance benefits. Interest earned on these investments is allocated directly to the escrow account.

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

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

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

See Note 2 for the District's recurring fair value measurements as of year-end.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables

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

H. Inventories

Inventories are recorded using the consumption method of accounting and consist of purchased food, supplies, and surplus commodities received from the federal government. Food and supply purchases are recorded at invoice cost, computed on the first-in, first-out method. Surplus commodities are stated at standardized costs, as determined by the U.S. Department of Agriculture.

I. Prepaid Items

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

J. Property Taxes

The majority of the District's revenue in the General Fund is determined annually by statutory funding formulas. The total revenue allowed by these formulas is allocated between property taxes and state aids by the Legislature based on education funding priorities.

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes \$3,277,272 of the property tax levy collectible in 2023 as revenue to the District in fiscal year 2022–2023. The remaining portion of the taxes collectible in 2023 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Subscription-Based Information Technology Arrangements (SBITAs)

A SBITA is a contract that conveys control of the right to use another party's information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The District has entered into certain SBITAs for education, evaluation tracking, and other purposes. Capital assets associated with SBITAs are presented separately from other capital assets in Note 4 and are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets. When applicable, a subscription liability is reported in Note 5 to include the terms and related disclosures associated with any subscription liability.

L. Capital Assets

Capital assets that are purchased or constructed by the District are recorded at historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation. Leased assets are recorded based on the measurement of payments applicable to the lease term. SBITA capital assets are recorded based on the measurement of any subscription liability plus the payments due to a SBITA vendor at the commencement of the subscription term, including any applicable initial implementation costs as defined in the standard. The District defines capital assets as those with an initial, individual cost of \$5,000 or more, which benefit more than one fiscal year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statements, but are not reported in the governmental fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are generally sold for an immaterial amount or scrapped when declared as no longer fit or needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for furniture and equipment. Leased assets are amortized over the term of the lease or over the useful life of the applicable asset class previously described, if future ownership is anticipated. SBITAs are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets. Land and construction in progress are not depreciated.

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

M. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Deferred Outflows/Inflows of Resources

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

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

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

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

O. Compensated Absences Payable

Personal Time Off – The District’s 12-month employees are entitled to personal time off. These benefits are reported as liabilities in the government-wide financial statements when earned and as expenditures when taken in the fund financial statements.

Sick Pay – Substantially all district employees are entitled to sick leave at various rates. These obligations are considered expenditures in the governmental funds to the extent matured. Unused sick leave enters into the calculation of retirement incentive payments for some employees upon termination.

P. Severance

Severance benefits consist of lump sum retirement incentive payments based on convertible sick leave for the custodial, nutrition services, para-professionals, and principal groups. The District has phased out retirement incentive plans for its custodial and nutrition services groups. For this remaining liability, the amount of severance that is based on convertible sick leave is recorded as a liability in the government-wide financial statements as it is earned and it becomes probable that it will vest at some point in the future. Severance is accrued in the governmental funds financial statements only when it becomes due and payable.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. State-Wide Pension Plans

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

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

R. Other Post-Employment Benefits (OPEB) Plan

For purposes of measuring the net OPEB asset, deferred outflows/inflows of resources, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the District. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and certain investments that have a maturity at the time of purchase of one year or less, which are reported at amortized cost.

S. Risk Management and Self-Insurance

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2022	\$ 109,709	\$ 1,308,090	\$ 1,417,799	\$ –
2023	\$ –	\$ 1,503,301	\$ 1,461,615	\$ 41,686

Changes in the balance of health insurance claim liabilities for the past two years were as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2022	\$ 1,082,086	\$ 20,147,714	\$ 20,027,426	\$ 1,202,374
2023	\$ 1,202,374	\$ 21,144,235	\$ 20,882,979	\$ 1,463,630

T. Net Position

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

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation and amortization, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted Net Position** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Unrestricted Net Position** – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

U. Fund Balance Classifications

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

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **Committed** – Consists of internally imposed constraints that are established by resolution of the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to School Board resolution, the District’s superintendent or a superintendent designee are authorized to establish assignments of fund balance.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the District’s policy to first use restricted resources, then use unrestricted resources as they are needed.

When committed, assigned, or unassigned resources are available for use, it is the District’s policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

V. Use of Estimates

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

W. Prior Period Comparative Financial Information/Reclassification

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

X. Change in Accounting Principle

During the year ended June 30, 2023, the District implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). This statement provides guidance on the accounting and financial reporting for SBITAs for government end users. A SBITA is defined as a contract that conveys control of the right to use another party’s (a SBITA vendor’s) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. Certain amounts necessary to fully restate fiscal year 2022 financial information are not determinable; therefore, prior year comparative amounts have not been restated. The implementation of this new GASB statement in the current year resulted in the District reporting new capital assets and long-term debt for technology subscriptions, but did not change beginning net position in the government-wide financial statements in the current year. See Notes 4 and 5 for additional details on this change in the current year.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Y. Prior Period Adjustment

During the year ended June 30, 2023, the District updated its calculation for compensated absences payable, which identified that the previous year balance was overstated in the government-wide financial statements. The District reported a prior period adjustment, increasing beginning government-wide net position by \$1,770,726 in the current year.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

In accordance with applicable Minnesota Statutes, the District maintains deposits at depository banks authorized by the District's School Board.

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

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

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

The District's deposit policies do not further limit depository choices.

At year-end, the carrying amount and bank balance of the District's deposits was \$0.

B. Investments

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

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in investment pools and money markets are not evidenced by securities that exist in physical or book entry form and, therefore, are not subject to custodial credit risk disclosures. Although the District's investment policies do not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the District’s investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated “A” or better; revenue obligations rated “AA” or better; general obligations of the Minnesota Housing Finance Agency rated “A” or better; bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest 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; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers. For assets held in the Post-Employment Benefits Trust Fund, the investment options available to the District are expanded to include the investment types specified in Minnesota Statutes § 356A.06, Subd. 7. The District’s investment policies do not further restrict investing in specific financial instruments.

Concentration Risk – This is the risk associated with investing a significant portion of the District’s investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District’s investment policies do not address concentration risk.

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

C. Summary Data

Cash and investments are included on the basic financial statements as follows:

Cash and temporary investments – Statement of Net Position	\$ 112,571,276
Investments, at fair value – Statement of Fiduciary Net Position	
Minnesota State Board of Investment	
Non-Retirement Money Market Fund	7,920,901
Non-Retirement Equity Fund	12,145,036
Non-Retirement Bond Fund	<u>7,016,229</u>
Total cash and investments	<u>\$ 139,653,442</u>

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

The following table presents the District's deposit and investment balances at June 30, 2023 and information relating to potential investment risks:

Investment Type	Credit Rating		Fair Value	Total
	Rating	Agency	Measurement	
Investment pools/mutual funds				
Minnesota State Board of Investment				
Non-Retirement Bond Fund	N/R	N/A	Amortized Cost	\$ 7,016,229
Non-Retirement Equity Fund	N/R	N/A	Amortized Cost	12,145,036
Non-Retirement Money Market Fund	N/R	N/A	Amortized Cost	7,920,901
Minnesota School District Liquid Asset Fund	AAA	S&P	Amortized Cost	112,565,876
Total investments				139,648,042
Petty cash				5,400
Total deposits and investments				\$ 139,653,442

N/A – Not Applicable

N/R – Not Rated

The Minnesota School District Liquid Asset Fund (MSDLAF) and the Minnesota State Board of Investment (SBI) funds are regulated by Minnesota Statutes and are external investment pools, which are not registered with the Securities and Exchange Commission. The District's investment in the MSDLAF is measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value. The District's investments in the Minnesota State Board of Investment Funds are measured at fair value. For these investment pools, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice for the Liquid Class; redemption notice period is 14 days for the MAX Class.

The District's investment policy allows the District to invest within the various accounts of the Supplemental Investment Fund, as administered by the Minnesota SBI. Investments held in the external investment pools of the Supplemental Investment Fund are presented in the table above and in the Post-Employment Benefits Trust Fund in the Statement of Fiduciary Net Position.

NOTE 3 – DUE FROM OTHER GOVERNMENTAL UNITS

At year-end, the District reported the following receivables due from other governmental units:

	General Fund	Debt Service Fund	Nonmajor Funds	Total
Due from other governmental units				
Minnesota school districts	\$ 84,631	\$ –	\$ 341,085	\$ 425,716
MDE	15,864,690	52,256	123,027	16,039,973
Federal government through the MDE	3,597,900	–	1,096,182	4,694,082
Other governmental units	1,006,906	–	–	1,006,906
Total due from other governmental units	<u>\$ 20,554,127</u>	<u>\$ 52,256</u>	<u>\$ 1,560,294</u>	<u>\$ 22,166,677</u>

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the current year ended is as follows:

	Balance – Beginning of Year	Change in Accounting Principle*	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated/amortized						
Land	\$ 4,617,881	\$ –	\$ –	\$ –	\$ –	\$ 4,617,881
Construction in progress	1,117,608	–	5,391,680	–	(5,552,438)	956,850
Total capital assets, not depreciated/amortized	5,735,489	–	5,391,680	–	(5,552,438)	5,574,731
Capital assets, depreciated/amortized						
Land improvements	11,923,971	–	–	–	755,717	12,679,688
Buildings	348,207,995	–	446,323	–	4,796,721	353,451,039
Buildings – leased	2,490,291	–	931,539	(295,740)	–	3,126,090
Furniture and equipment	12,350,596	–	510,617	(13,171)	–	12,848,042
Technology subscriptions	–	63,818	214,305	–	–	278,123
Total capital assets, depreciated/amortized	374,972,853	63,818	2,102,784	(308,911)	5,552,438	382,382,982
Less accumulated depreciation/amortization for						
Land improvements	(7,337,611)	–	(477,851)	–	–	(7,815,462)
Buildings	(143,237,586)	–	(9,364,608)	–	–	(152,602,194)
Buildings – leased	(842,978)	–	(1,029,286)	295,740	–	(1,576,524)
Furniture and equipment	(9,566,837)	–	(364,924)	13,171	–	(9,918,590)
Technology subscriptions	–	–	(72,920)	–	–	(72,920)
Total accumulated depreciation/amortization	(160,985,012)	–	(11,309,589)	308,911	–	(171,985,690)
Net capital assets, depreciated/amortized	213,987,841	63,818	(9,206,805)	–	5,552,438	210,397,292
Total capital assets, net	\$ 219,723,330	\$ 63,818	\$ (3,815,125)	\$ –	\$ –	\$ 215,972,023

* The change in accounting principle was for new SBITA standard requirements in the current year.

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

District support services	\$ 44,997
Elementary and secondary regular instruction	8,946,651
Vocational education instruction	1,348
Special education instruction	992
Community service	7,106
Pupil support services	22,123
Food service	148,583
Sites and buildings	2,137,789
Total depreciation/amortization expense	<u>\$ 11,309,589</u>

NOTE 5 – LONG-TERM LIABILITIES

A. General Obligation Bonds

The District currently has the following general obligation bonds payable outstanding:

Issue Name and Date	Interest Rate	Original Issue	Remaining Maturities	Principal Outstanding
Refunding bonds				
2012A Refunding Bonds	0.45%–2.55%	\$ 29,760,000	02/01/2024	\$ 2,420,000
2019A Refunding Bonds	5.00%	16,600,000	02/01/2024–02/01/2025	7,015,000
Taxable OPEB bonds				
2015A Taxable OPEB Refunding Bonds	3.00%	17,515,000	02/01/2024	6,880,000
School building bonds				
2018A School Building Bonds	3.00%–5.00%	156,550,000	02/01/2025–02/01/2043	156,055,000
Total general obligation bonds				<u>\$ 172,370,000</u>

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

B. Finance Purchase Payable

The District purchased an office building through a 20-year finance purchase agreement. Annual principal and interest on this lease will be paid from the General Fund. The District currently has the following finance purchase payable outstanding:

Issue	Original Issue Amount	Interest Rate	Issue Date	Final Maturity	Principal Outstanding
District office building	\$ 5,700,000	3.25%	01/02/2017	01/02/2037	\$ 4,255,941

If the District fails to make the rental payments specified in the agreement or otherwise defaults on the debt, after 30 days written notice, the debtor may (1) charge interest of 6 percent per annum to be additional rent to be paid by the District on the next installment of rent or (2) reenter the premises, with reasonable notice, and dispossess the District and remove their effects, and take complete possession of the premises and either declare this debt forfeited and the term ended or elect to continue the agreement in full force and effect, but with the right at any time thereafter to declare this agreement forfeited and the term ended.

C. Lease Liability

The District has obtained the use of certain building space through a lease financing agreement. The total amount of underlying lease assets by major classes and the related accumulated amortization is presented in Note 4 to the basic financial statements. Annual principal and interest on these agreements will be paid from the General Fund. The agreement is secured by the original property. The lessor also may repossess the property and seek full recovery of the losses upon default.

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

The District currently has the following lease liability obligations outstanding:

Lease Description	Interest Rate	Lease Date	Final Maturity	Principal Outstanding
Silverview – ABE and ALC building space	2.65%	07/01/2014	06/30/2024	\$ 275,084
Bridges program building space	2.77%	07/01/2013	01/31/2025	191,066
Northwest Youth and Family Services building space	2.36%	04/15/2019	03/15/2025	351,376
Northwest Youth and Family Services 2nd floor building space	2.09%	01/01/2022	12/31/2024	14,403
CLT Twin Lakes	2.68%	11/01/2022	10/31/2027	824,996
Total lease liability				<u>\$ 1,656,925</u>

D. Subscription Liability

The District entered into agreements to finance the use of software, which calls for annual principal and interest payments through June 2027. These agreements are paid by the General and Food Service Special Revenue Funds. The total amount of the underlying technology subscription assets and the related accumulated amortization is presented in Note 4 of the notes to basic financial statements.

The District currently has the following subscription liability obligations outstanding:

Subscription Description	Interest Rate	Date	Final Maturity	Principal Outstanding
iBoss Secure Cloud Gateway	2.68%	07/01/2022	06/30/2027	\$ 130,259
Titan	3.05%	07/01/2022	06/30/2025	41,903
Wizehive	3.05%	10/01/2022	09/30/2024	6,550
Total subscription liability				<u>\$ 178,712</u>

E. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including severance benefits, compensated absences, pensions, and OPEB. The details of these various benefit liabilities are discussed elsewhere in these notes. Such benefits are financed primarily from the General Fund, Food Service Special Revenue Fund, and Community Service Special Revenue Fund. The District has also established a Post-Employment Benefits Trust Fund to finance OPEB obligations.

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

Pension Plans	Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
State-wide multiple-employer – PERA	\$ 25,803,468	\$ 9,628,509	\$ 1,263,336	\$ 3,413,101
State-wide multiple-employer – TRA	94,856,501	26,992,690	22,109,698	(19,784,029)
Single-employer – District	4,173,146	271,074	521,437	15,629
Total	<u>\$ 124,833,115</u>	<u>\$ 36,892,273</u>	<u>\$ 23,894,471</u>	<u>\$ (16,355,299)</u>

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

F. Minimum Debt Payments

Minimum annual principal and interest payments to maturity for general obligation bonds, finance purchase, lease liability, and technology subscription liability obligations are as follows:

Year Ending June 30,	General Obligation Bonds		Finance Purchase		Lease Liability		Technology Subscription Liability	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 12,720,000	\$ 6,757,180	\$ 234,976	\$ 136,424	\$ 921,174	\$ 32,590	\$ 58,472	\$ 4,969
2025	6,335,000	6,318,070	242,674	128,726	257,297	16,176	53,389	3,301
2026	5,910,000	6,001,320	250,625	120,775	195,040	10,468	32,984	1,792
2027	6,205,000	5,705,820	258,837	112,563	210,733	5,051	33,867	908
2028	6,515,000	5,395,570	267,318	104,082	72,681	406	—	—
2029–2033	37,125,000	22,434,650	1,473,846	383,154	—	—	—	—
2034–2038	44,490,000	15,072,236	1,527,665	122,970	—	—	—	—
2039–2043	53,070,000	6,482,025	—	—	—	—	—	—
	<u>\$ 172,370,000</u>	<u>\$ 74,166,871</u>	<u>\$ 4,255,941</u>	<u>\$ 1,108,694</u>	<u>\$ 1,656,925</u>	<u>\$ 64,691</u>	<u>\$ 178,712</u>	<u>\$ 10,970</u>

G. Changes in Long-Term Liabilities

	Balance – Beginning of Year	Prior Period Adjustment ^	Change in Accounting Principle*	Additions	Deletions	Balance – End of Year	Due Within One Year
General obligation bonds	\$ 184,390,000	\$ —	\$ —	\$ —	\$ 12,020,000	\$ 172,370,000	\$ 12,720,000
Unamortized premium/discount	8,339,077	—	—	—	809,687	7,529,390	—
Total bonds payable	192,729,077	—	—	—	12,829,687	179,899,390	12,720,000
Finance purchase payable	4,483,462	—	—	—	227,521	4,255,941	234,976
Lease liability	1,606,384	—	—	931,539	880,998	1,656,925	921,174
Technology subscription liability	—	—	63,818	178,335	63,441	178,712	58,472
Net/total pension liability	68,897,096	—	—	64,423,999	8,487,980	124,833,115	551,289
Severance benefits payable	1,565,511	—	—	—	288,283	1,277,228	163,921
Compensated absences payable	2,574,217	(1,770,726)	—	2,158,507	2,056,174	905,824	452,912
	<u>\$ 271,855,747</u>	<u>\$ (1,770,726)</u>	<u>\$ 63,818</u>	<u>\$ 67,692,380</u>	<u>\$ 24,834,084</u>	<u>\$ 313,007,135</u>	<u>\$ 15,102,744</u>

^ See prior period adjustment Note 1 Y.

NOTE 6 – FUND BALANCES

The following is a breakdown of equity components of governmental funds, which are defined earlier in the report. Any such restrictions, which have an accumulated deficit rather than positive balance at June 30, are included in unassigned fund balance in the District's financial statements, in accordance with accounting principles generally accepted in the United States of America. However, a description of these deficit balance restrictions is included herein since the District has specific authority to future resources for such deficits.

NOTE 6 – FUND BALANCES (CONTINUED)

A. Classifications

At June 30, 2023, a summary of the District's governmental fund balance classifications are as follows:

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable					
Inventory	\$ –	\$ –	\$ –	\$ 39,751	\$ 39,751
Prepaid items	671,860	–	–	–	671,860
Total nonspendable	671,860	–	–	39,751	711,611
Restricted					
Scholarships	324,410	–	–	–	324,410
Operating capital	2,093,919	–	–	–	2,093,919
Learning and development	33,356	–	–	–	33,356
State-approved alternative programs	88,874	–	–	–	88,874
Gifted and talented	69,131	–	–	–	69,131
Basic skills	117,506	–	–	–	117,506
Safe schools levy	21,404	–	–	–	21,404
Medical Assistance	468,522	–	–	–	468,522
Capital projects	–	8,825,514	–	–	8,825,514
Community education programs	–	–	–	3,089,924	3,089,924
Early childhood family education programs	–	–	–	133,571	133,571
School readiness	–	–	–	808,117	808,117
Adult basic education	–	–	–	244,677	244,677
Community service	–	–	–	71,310	71,310
Food service	–	–	–	5,498,533	5,498,533
Debt service	–	–	3,938,708	–	3,938,708
Total restricted	3,217,122	8,825,514	3,938,708	9,846,132	25,827,476
Assigned					
Alternative quality teacher compensation	307,567	–	–	–	307,567
School building carryover	2,296,829	–	–	–	2,296,829
Program initiative	4,150,000	–	–	–	4,150,000
Site improvement	3,150,000	–	–	–	3,150,000
Information technology infrastructure	3,250,000	–	–	–	3,250,000
Safety and security	350,000	–	–	–	350,000
Fee for service	2,500,000	–	–	–	2,500,000
Total assigned	16,004,396	–	–	–	16,004,396
Unassigned	36,451,592	–	–	–	36,451,592
Total	\$ 56,344,970	\$ 8,825,514	\$ 3,938,708	\$ 9,885,883	\$ 78,995,075

B. Minimum Unassigned Fund Balance Policy

The School Board has formally adopted a fund balance policy regarding the unassigned fund balance for the General Fund. The policy states the unassigned fund balance should remain within a recommended range of two to five months of General Fund expenditures.

At June 30, 2023, unassigned fund balance in the General Fund, excluding restricted account deficits, represented 20.6 percent of annual expenditures, or approximately 2.5 months of operations assuming level spending throughout the year.

NOTE 7 – DEFINED BENEFIT PENSION PLAN – DISTRICT

A. Plan Description

The District provides pension benefits to certain eligible employees through its Pension Benefits Plan, a single-employer defined benefit plan administered by the District. All pension benefits are based on contractual agreements with employee groups. The District has phased out various retirement incentive payment plans for its teachers and other employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements and hire dates. No employee can receive retirement incentive payments exceeding one year's salary. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report.

These benefits are summarized as follows:

Teacher Pension Benefits – For eligible teachers (with at least 15 years of continuous service, at least 50 years of age, and hired before January 24, 2000), the District pays the amount equal to 10 percent of a year's salary for each full year of full-time service, but not to exceed a total of 1 year's salary and is paid in 3 equal installments over 3 years. The teacher's matching contribution to the tax deferred annuity plan offset this pension benefit.

Clerical Pension Benefits – For eligible employees (with at least 15 years of continuous service, at least 50 years of age, and hired before June 30, 2009), the District pays the amount representing 5 days of pay for each full year of full-time service, but not to exceed a total of 100 days' pay and is paid in 2 equal annual installments over 2 years. The clerical employees' matching contribution to the tax deferred annuity plan offset this pension benefit.

B. Contributions and Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually by the District. There are no invested plan assets accumulated for payment of future benefits. The District's required contributions to finance these benefits on a pay-as-you-go basis for the current year were \$843,732.

C. Membership

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

Retirees and beneficiaries receiving benefits	26
Active plan members	137
Total members	<u>163</u>

D. Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial study with a valuation date as of July 1, 2022 with a roll forward to a measurement date as of June 30, 2023, using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.90%
20-year municipal bond yield	3.90%
Inflation rate	2.50%
Salary increases	Service graded table

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

NOTE 7 – DEFINED BENEFIT PENSION PLAN – DISTRICT (CONTINUED)

E. Discount Rate

The discount rate used to measure the total pension liability was 3.90 percent. The District discount rate used in the prior measurement date was 3.80 percent. Since the plan is not funded, the discount rate is equal to the 20-year municipal bond rate, which was set by considering published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of the measurement date.

F. Changes in the Total Pension Liability

	<u>Total Pension Liability</u>
Beginning balance – July 1, 2022	\$ 4,706,731
Changes for the year	
Service cost	111,221
Interest	167,201
Assumption changes	(21,254)
Plan changes	(152,862)
Differences between expected and actual experience	205,841
Benefit payments	<u>(843,732)</u>
Total net changes	<u>(533,585)</u>
Ending balance – June 30, 2023	<u><u>\$ 4,173,146</u></u>

Plan changes since the prior measurement date include the following:

- The teachers' matching contribution to the tax-deferred annuity plan increased from \$3,600 to \$4,000 per year after three years of service. The clerical employees' matching contributions increased from \$1,400 for two and three years of service and \$1,900 thereafter, to \$1,600 and \$2,100, respectively. These match amounts are used as an offset to the pension benefits.

Assumption changes since the prior measurement date include the following:

- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The salary increase rates for nonteachers were updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.
- The discount rate was changed from 3.80 percent to 3.90 percent.

NOTE 7 – DEFINED BENEFIT PENSION PLAN – DISTRICT (CONTINUED)**G. Total Pension Liability Sensitivity to Discount Rate Changes**

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

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
Pension discount rate	2.90%	3.90%	4.90%
Total pension liability	\$ 4,337,625	\$ 4,173,146	\$ 4,008,484

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

The District recognized pension expense of \$15,629 in the current year, and at year-end reported the following deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 171,534	\$ 192,613
Changes in actuarial assumptions	<u>99,540</u>	<u>328,824</u>
Total	<u>\$ 271,074</u>	<u>\$ 521,437</u>

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2024	\$ (109,931)
2025	\$ (109,930)
2026	\$ (45,383)
2027	\$ (15,886)
2028	\$ 30,767

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

The District provides post-employment benefits to certain eligible employees through the OPEB Plan, a single-employer defined benefit plan administered by the District. All post-employment benefits are based on contractual agreements with employee groups. The District is phasing out post-employment medical and dental insurance to all district employees, in accordance with their respective master employment agreements. The eligibility for, amount of, duration of, and the District's contribution to the cost of the benefits provided varies by contract, hire dates, and date of retirement. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements.

The District administers a defined benefit Post-Employment Benefits Trust Fund. The assets of the plan are reported in the District's financial report in the Post-Employment Benefits Trust Fund, established by the District to finance these obligations. The plan assets may be used only for the payment of benefits of the plan, in accordance with the terms of the plan. The plan does not issue a publicly available financial report.

B. Benefits Provided

All retirees of the District have the option under state law to continue their medical insurance coverage at their cost through the District from the time of retirement until the employee reaches the age of eligibility for Medicare. For members of certain employee groups, the District pays the eligible retiree's premiums for medical and dental, for some period after retirement. The eligibility for, amount of, duration of, and the District's contribution to the cost of the benefits provided varies by contract, hire dates, and date of retirement.

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

C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually by the District. The District has established the Post-Employment Benefits Trust Fund to finance these obligations. The District did not contribute to the OPEB Plan for the year ended June 30, 2023. Required benefit payments of \$1,923,774 were paid by the Post-Employment Benefits Trust Fund for the current year.

D. Membership

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

Retirees and beneficiaries receiving benefits	149
Active plan members	1,606
	<hr/>
Total members	1,755
	<hr/>

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

E. Net OPEB Liability (Asset) of the District

The District's net OPEB liability (asset) was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of July 1, 2022. The components of the net OPEB liability (asset) of the District at year-end were as follows:

Total OPEB liability	\$ 14,557,063
Plan fiduciary net position	<u>(25,158,392)</u>
District's net OPEB liability (asset)	<u>\$ (10,601,329)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>172.8%</u>

F. Actuarial Methods and Assumptions

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

Discount rate	5.40%
Expected long-term investment return	5.40% (net of investment expenses)
20-year municipal bond yield	3.90%
Inflation rate	2.50%
Salary increases	Service graded table
Healthcare cost trend rate	6.25% in 2022 grading to 5.00% over 6 years, then to 4.00% over the next 48 years

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

The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

The District's policy in regard to the allocation of invested assets is established and may be amended by the School Board by a majority vote of its members. It is the policy of the School Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes allowable under state statutes.

The long-term expected rate of return on OPEB Plan investments was set based on the plan's target investment allocation described below, along with long-term return expectations by asset class. When there is sufficient historical evidence of market outperformance, historical average returns may be considered. The target allocation and best-estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Non-Retirement Equity Fund	58.00 %	6.80 %
Non-Retirement Bond Fund	33.00	3.80 %
Non-Retirement Cash Pool	<u>9.00</u>	2.00 %
Total	<u>100.00 %</u>	5.40 %

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 9.2 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

H. Discount Rate

The discount rate used to measure the total OPEB liability was 5.40 percent. The projection of cash flows used to determine the discount rate was determined by projecting forward the fiduciary net position (assets) as of the valuation date, increasing by the investment return assumption, and reducing by benefit payments in each period until assets are exhausted. Expected benefit payments by year were discounted using the expected asset return assumptions for the years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate. The contribution and benefit payment history, as well as the funding policy have also been considered. The District discount rate used in the prior measurement date was 5.40 percent.

I. Changes in the Net OPEB Liability (Asset)

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Beginning balance – July 1, 2022	\$ 15,773,776	\$ 24,799,595	\$ (9,025,819)
Changes for the year			
Service cost	710,825	–	710,825
Interest	838,909	–	838,909
Assumption changes	277,691	–	277,691
Projected investment return	–	1,339,178	(1,339,178)
Differences between expected and actual experience	(1,120,364)	943,393	(2,063,757)
Benefit payments – paid by trust	(1,923,774)	(1,923,774)	–
Total net changes	(1,216,713)	358,797	(1,575,510)
Ending balance – June 30, 2023	\$ 14,557,063	\$ 25,158,392	\$ (10,601,329)

Assumption changes since the prior measurement date include the following:

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The salary increase rates for nonteachers were updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.
- The 20-year municipal bond yield was changed from 3.80 percent to 3.90 percent.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)**J. Net OPEB Asset Sensitivity to Discount and Healthcare Cost Trend Rate Changes**

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

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB discount rate	4.40%	5.40%	6.40%
Net OPEB liability (asset)	\$ (9,872,308)	\$ (10,601,329)	\$ (11,295,505)

The following presents the net OPEB asset of the District, as well as what the District's net OPEB asset would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease in Healthcare Cost Trend Rate</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase in Healthcare Cost Trend Rate</u>
Healthcare cost trend rate	5.25% decreasing to 4.00%, then 3.00%	6.25% decreasing to 5.00%, then 4.00%	7.25% decreasing to 6.00%, then 5.00%
Net OPEB liability (asset)	\$ (11,674,214)	\$ (10,601,329)	\$ (9,371,614)

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

For the current year ended, the District recognized negative OPEB expense of \$463,156. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 245,384	\$ 960,312
Changes in actuarial assumptions	278,190	204,053
Difference between projected and actual investment earnings	—	636,223
Total	<u>\$ 523,574</u>	<u>\$ 1,800,588</u>

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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

Year Ending June 30,	Expense Amount
2024	\$ (537,784)
2025	\$ (465,430)
2026	\$ 296,073
2027	\$ (329,105)
2028	\$ (120,381)
Thereafter	\$ (120,387)

NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE**A. Plan Descriptions**

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

1. General Employees Retirement Fund (GERF)

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

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

2. Teachers Retirement Association (TRA)

The TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with Minnesota Statutes, Chapters 354 and 356. The TRA is a separate statutory entity, administered by a Board of Trustees. The Board of Trustees consists of four active members, one retired member, and three statutory officials.

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

B. Benefits Provided

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

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

1. GERP Benefits

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

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

2. TRA Benefits

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

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Tier I Benefits

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

With these provisions:

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

Tier II Benefits

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

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

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

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

C. Contributions

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

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2023 and the District was required to contribute 7.5 percent for Coordinated Plan members. The District's contributions to the GERF for the year ended June 30, 2023, were \$1,815,957. The District's contributions were equal to the required contributions as set by state statutes.

2. TRA Contributions

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

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

The District's contributions to the TRA for the plan's fiscal year ended June 30, 2023, were \$6,270,648. The District's contributions were equal to the required contributions for each year as set by state statutes.

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

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

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

D. Pension Costs

1. GERF Pension Costs

At June 30, 2023, the District reported a liability of \$25,803,468 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 \$756,364. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all of the PERA's participating employers. The District's proportionate share was 0.3258 percent at the end of the measurement period and 0.2988 percent for the beginning of the period.

District's proportionate share of the net pension liability	\$ 25,803,468
State's proportionate share of the net pension liability associated with the District	\$ 756,364

For the year ended June 30, 2023, the District recognized pension expense of \$3,300,049 for its proportionate share of the GERF's pension expense. In addition, the District recognized an additional \$113,052 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the GERF.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 215,530	\$ 255,075
Changes in actuarial assumptions	5,370,452	105,946
Net collective difference between projected and actual investment earnings on pension plan investments	1,273,344	—
Changes in proportion	953,226	902,315
District's contributions to the GERF subsequent to the measurement date	1,815,957	—
Total	<u>\$ 9,628,509</u>	<u>\$ 1,263,336</u>

NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

The \$1,815,957 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2024	\$ 2,231,869
2025	\$ 2,245,491
2026	\$ (261,684)
2027	\$ 2,333,540

2. TRA Pension Costs

At June 30, 2023, the District reported a liability of \$94,856,501 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Minneapolis School District. The District's proportionate share was 1.1846 percent at the end of the measurement period and 1.1752 percent for the beginning of the period.

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

District's proportionate share of the net pension liability	\$ 94,856,501
State's proportionate share of the net pension liability associated with the District	\$ 7,034,181

For the year ended June 30, 2023, the District recognized a negative pension expense of \$20,751,250. It also recognized \$967,221 as an increase to pension expense for the support provided by direct aid.

NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,398,145	\$ 826,988
Changes in actuarial assumptions	15,075,905	20,054,897
Net collective difference between projected and actual investment earnings on pension plan investments	2,966,985	—
Changes in proportion	1,281,007	1,227,813
District's contributions to the TRA subsequent to the measurement date	6,270,648	—
Total	<u>\$ 26,992,690</u>	<u>\$ 22,109,698</u>

A total of \$6,270,648 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2024	\$ (17,182,970)
2025	\$ 2,511,901
2026	\$ 974,996
2027	\$ 12,172,974
2028	\$ 135,443

E. Long-Term Expected Return on Investment

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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

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

F. Actuarial Methods and Assumptions

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

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

1. GERF

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

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

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

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

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

NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

2. TRA

Salary increases were based on a service-related table.

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

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

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

The following changes in actuarial assumptions occurred in 2022:

1. GERF

CHANGES IN ACTUARIAL ASSUMPTIONS

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

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

- None.

G. Discount Rate

1. GERF

The discount rate used to measure the total pension liability in 2022 was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the GERF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

2. TRA

The discount rate used to measure the total pension liability was 7.00 percent. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2022 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate.

H. Pension Liability Sensitivity

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

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
GERF discount rate	5.50%	6.50%	7.50%
District's proportionate share of the GERF net pension liability	\$ 40,757,929	\$ 25,803,468	\$ 13,538,502
TRA discount rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	\$ 149,536,109	\$ 94,856,501	\$ 50,036,272

I. Pension Plan Fiduciary Net Position

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

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

NOTE 10 – FLEXIBLE BENEFIT PLAN

The District has a flexible benefit plan, which is classified as a “cafeteria plan” (the Plan) under § 125 of the IRC. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pretax dollars withheld from payroll checks to the Plan for healthcare and dependent care benefits.

Before the beginning of the Plan year, which is from January 1 to December 31, each participant designates a total amount of pretax 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 to the medical reimbursement portion of the Plan, whether or not such contributions have been made.

Payments of insurance premiums (health, dental, life, and disability) 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 Fund and special revenue funds.

Amounts withheld for medical reimbursement and dependent care are paid by the District to an outside administrator upon an employee submitting a request for reimbursement. Payments are made by the outside administrator to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the employee.

All property of the Plan 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 healthcare and dependent care expenses incurred by the participants. The District believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 11 – INTERFUND BALANCES

Due To/From Other Funds

As of June 30, 2023, the District’s General Fund had an interfund receivable of \$1,923,774 from the Post-Employment Benefits Trust Fund relating to post-employment benefit costs to be reimbursed as of June 30, 2023. Interfund receivables and payables reported in the fund financial statements are eliminated to the extent possible in the government-wide financial statements. However, receivables and payables between the District’s governmental activities and the fiduciary fund are not eliminated.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Construction Contracts

During fiscal year 2023, the District awarded contracts for construction and improvement of various district properties. At year-end, the District's commitment for uncompleted work on these contracts was \$1,982,600, which is paid out of the Capital Projects – Building Construction Fund.

B. Federal and State Revenue

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

C. Contingencies

The District has the usual and customary legal claims pending at year-end. Although the outcomes of these lawsuits are not presently determinable, the District believes that the resolution of these matters will not have a material adverse effect on its financial position.

NOTE 13 – SUBSEQUENT EVENTS

In September 2023, the District awarded the sale of \$42,480,000 of General Obligation Facilities Maintenance Bonds, Series 2023A. The bonds bear an interest rate of 4.00–5.00 percent and mature in 2043.

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REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 621

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

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.3734%	\$ 17,540,461	\$ —	\$ 17,540,461	\$ 19,627,950	89.36%	78.70%
06/30/2016	06/30/2015	0.3605%	\$ 18,682,980	\$ —	\$ 18,682,980	\$ 21,189,047	88.17%	78.20%
06/30/2017	06/30/2016	0.3433%	\$ 27,874,257	\$ 364,065	\$ 28,238,322	\$ 21,292,223	130.91%	68.90%
06/30/2018	06/30/2017	0.3312%	\$ 21,143,589	\$ 265,869	\$ 21,409,458	\$ 21,336,242	99.10%	75.90%
06/30/2019	06/30/2018	0.3277%	\$ 18,179,451	\$ 596,232	\$ 18,775,683	\$ 22,054,967	82.43%	79.50%
06/30/2020	06/30/2019	0.3225%	\$ 17,830,303	\$ 554,143	\$ 18,384,446	\$ 22,832,615	78.09%	80.20%
06/30/2021	06/30/2020	0.3289%	\$ 19,719,059	\$ 608,169	\$ 20,327,228	\$ 23,478,199	83.99%	79.10%
06/30/2022	06/30/2021	0.2988%	\$ 12,760,099	\$ 389,762	\$ 13,149,861	\$ 21,534,427	59.25%	87.00%
06/30/2023	06/30/2022	0.3258%	\$ 25,803,468	\$ 756,364	\$ 26,559,832	\$ 24,418,806	105.67%	76.70%

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

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 1,564,014	\$ 1,564,014	\$ —	\$ 21,189,047	7.38%
06/30/2016	\$ 1,596,261	\$ 1,596,261	\$ —	\$ 21,292,223	7.50%
06/30/2017	\$ 1,598,727	\$ 1,598,727	\$ —	\$ 21,336,242	7.49%
06/30/2018	\$ 1,656,133	\$ 1,656,133	\$ —	\$ 22,054,967	7.51%
06/30/2019	\$ 1,711,466	\$ 1,711,466	\$ —	\$ 22,832,615	7.50%
06/30/2020	\$ 1,759,379	\$ 1,759,379	\$ —	\$ 23,478,199	7.49%
06/30/2021	\$ 1,613,567	\$ 1,613,567	\$ —	\$ 21,534,427	7.49%
06/30/2022	\$ 1,830,176	\$ 1,830,176	\$ —	\$ 24,418,806	7.49%
06/30/2023	\$ 1,815,957	\$ 1,815,957	\$ —	\$ 24,250,459	7.49%

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

INDEPENDENT SCHOOL DISTRICT NO. 621

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

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	1.2076%	\$ 55,645,339	\$ 3,914,718	\$ 59,560,057	\$ 55,121,921	100.95%	81.50%
06/30/2016	06/30/2015	1.1725%	\$ 72,530,721	\$ 8,896,461	\$ 81,427,182	\$ 59,510,271	121.88%	76.80%
06/30/2017	06/30/2016	1.1917%	\$284,248,884	\$ 28,530,832	\$312,779,716	\$ 61,988,428	458.55%	44.88%
06/30/2018	06/30/2017	1.1758%	\$234,711,009	\$ 22,689,450	\$257,400,459	\$ 63,297,528	370.81%	51.57%
06/30/2019	06/30/2018	1.1835%	\$ 74,334,878	\$ 6,984,025	\$ 81,318,903	\$ 65,388,719	113.68%	78.07%
06/30/2020	06/30/2019	1.1752%	\$ 74,907,495	\$ 6,629,079	\$ 81,536,574	\$ 66,719,780	112.27%	78.21%
06/30/2021	06/30/2020	1.1966%	\$ 88,406,411	\$ 7,408,835	\$ 95,815,246	\$ 69,535,954	127.14%	75.48%
06/30/2022	06/30/2021	1.1752%	\$ 51,430,266	\$ 4,337,515	\$ 55,767,781	\$ 70,326,444	73.13%	86.63%
06/30/2023	06/30/2022	1.1846%	\$ 94,856,501	\$ 7,034,181	\$101,890,682	\$ 73,223,258	129.54%	76.17%

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

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 4,463,144	\$ 4,463,144	\$ —	\$ 59,510,271	7.50%
06/30/2016	\$ 4,649,138	\$ 4,649,138	\$ —	\$ 61,988,428	7.50%
06/30/2017	\$ 4,747,125	\$ 4,747,125	\$ —	\$ 63,297,528	7.50%
06/30/2018	\$ 4,904,007	\$ 4,904,007	\$ —	\$ 65,388,719	7.50%
06/30/2019	\$ 5,144,059	\$ 5,144,059	\$ —	\$ 66,719,780	7.71%
06/30/2020	\$ 5,507,365	\$ 5,507,365	\$ —	\$ 69,535,954	7.92%
06/30/2021	\$ 5,717,543	\$ 5,717,543	\$ —	\$ 70,326,444	8.13%
06/30/2022	\$ 6,106,825	\$ 6,106,825	\$ —	\$ 73,223,258	8.34%
06/30/2023	\$ 6,270,648	\$ 6,270,648	\$ —	\$ 73,529,682	8.56%

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

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	District Fiscal Year-End Date						
	2017	2018	2019	2020	2021	2022	2023
Total pension liability							
Service cost	\$ 275,874	\$ 255,228	\$ 194,950	\$ 228,077	\$ 194,311	\$ 148,458	\$ 111,221
Interest	264,251	251,584	278,527	219,917	158,519	112,987	167,201
Assumption changes	—	(193,419)	104,364	162,694	(152,302)	(279,920)	(21,254)
Plan changes	—	—	(51,749)	—	(140,580)	—	(152,862)
Differences between expected and actual experience	—	—	(386,937)	—	(164,123)	—	205,841
Benefit payments	(1,045,860)	(865,360)	(1,078,777)	(991,747)	(1,139,512)	(1,008,144)	(843,732)
Net change in total pension liability	(505,735)	(551,967)	(939,622)	(381,059)	(1,243,687)	(1,026,619)	(533,585)
Total pension liability – beginning of year	9,355,420	8,849,685	8,297,718	7,358,096	6,977,037	5,733,350	4,706,731
Total pension liability – end of year	<u>\$ 8,849,685</u>	<u>\$ 8,297,718</u>	<u>\$ 7,358,096</u>	<u>\$ 6,977,037</u>	<u>\$ 5,733,350</u>	<u>\$ 4,706,731</u>	<u>\$ 4,173,146</u>
Covered-employee payroll	<u>\$ 17,458,402</u>	<u>\$ 17,982,154</u>	<u>\$ 14,747,983</u>	<u>\$ 15,190,422</u>	<u>\$ 12,597,033</u>	<u>\$ 12,974,944</u>	<u>\$ 11,180,141</u>
Total pension liability as a percentage of covered-employee payroll	<u>50.69%</u>	<u>46.14%</u>	<u>49.89%</u>	<u>45.93%</u>	<u>45.51%</u>	<u>36.28%</u>	<u>37.33%</u>

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

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

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	District Fiscal Year-End Date						
	2017	2018	2019	2020	2021	2022	2023
Total OPEB liability							
Service cost	\$ 611,278	\$ 629,616	\$ 645,979	\$ 645,366	\$ 643,443	\$ 662,746	\$ 710,825
Interest	793,192	799,941	791,958	828,661	848,802	840,050	838,909
Assumption changes	—	—	140,600	(142,265)	(250,400)	—	277,691
Plan changes	—	—	—	—	67,835	—	—
Differences between expected and actual experience	—	—	638,739	—	110,059	—	(1,120,364)
Benefit payments – employer financed	—	—	—	—	(1,041,638)	—	—
Benefit payments – paid by trust	(1,251,697)	(1,335,445)	(1,870,197)	(1,142,216)	(921,651)	(1,229,318)	(1,923,774)
Net change in total OPEB liability	152,773	94,112	347,079	189,546	(543,550)	273,478	(1,216,713)
Total OPEB liability – beginning of year	15,260,338	15,413,111	15,507,223	15,854,302	16,043,848	15,500,298	15,773,776
Total OPEB liability – end of year	15,413,111	15,507,223	15,854,302	16,043,848	15,500,298	15,773,776	14,557,063
Plan fiduciary net position							
Employer contributions	—	92,572	89,257	—	1,041,638	—	—
Projected investment return	1,142,327	1,160,529	1,172,920	1,221,901	1,245,741	1,498,907	1,339,178
Differences between expected and actual experience	459,404	320,645	679,656	361,800	4,364,160	(3,227,527)	943,393
Benefit payments – employer financed	—	—	—	—	(1,041,638)	—	—
Benefit payments – paid by trust	(1,251,697)	(1,335,445)	(1,870,197)	(1,142,216)	(921,651)	(1,229,318)	(1,923,774)
Net change in plan fiduciary net position	350,034	238,301	71,636	441,485	4,688,250	(2,957,938)	358,797
Plan fiduciary net position – beginning of year	21,967,827	22,317,861	22,556,162	22,627,798	23,069,283	27,757,533	24,799,595
Plan fiduciary net position – end of year	22,317,861	22,556,162	22,627,798	23,069,283	27,757,533	24,799,595	25,158,392
Net OPEB liability (asset)	<u>\$ (6,904,750)</u>	<u>\$ (7,048,939)</u>	<u>\$ (6,773,496)</u>	<u>\$ (7,025,435)</u>	<u>\$ (12,257,235)</u>	<u>\$ (9,025,819)</u>	<u>\$ (10,601,329)</u>
Fiduciary net position as a percentage of the total OPEB liability	<u>144.80%</u>	<u>145.46%</u>	<u>142.72%</u>	<u>143.79%</u>	<u>179.08%</u>	<u>157.22%</u>	<u>172.83%</u>
Covered-employee payroll	<u>\$ 80,602,365</u>	<u>\$ 83,020,436</u>	<u>\$ 85,607,839</u>	<u>\$ 88,176,074</u>	<u>\$ 88,938,702</u>	<u>\$ 91,606,863</u>	<u>\$ 93,896,803</u>
Net OPEB liability (asset) as a percentage of covered-employee payroll	<u>(8.57%)</u>	<u>(8.49%)</u>	<u>(7.91%)</u>	<u>(7.97%)</u>	<u>(13.78%)</u>	<u>(9.85%)</u>	<u>(11.29%)</u>

Note: The District implemented GASB Statement Nos. 74 and 75 for the year ended June 30, 2017. The schedules within the RSI section require a 10-year presentation. Additional years will be presented as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 621

Other Post-Employment Benefits Plan
Schedule of Investment Returns
Year Ended June 30, 2023

<u>Year</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2017	7.3%
2018	6.6%
2019	8.2%
2020	7.0%
2021	24.3%
2022	(6.2%)
2023	9.2%

Note: The District implemented GASB Statement Nos. 74 and 75 for the year ended June 30, 2017. The schedules within the RSI section require a 10-year presentation. Additional years will be presented as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 621

Notes to Required Supplementary Information
June 30, 2023

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2020 CHANGES IN PLAN PROVISIONS

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

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two through five, and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 Table to the Pub-2010 General Mortality Table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality Table to the Pub-2010 General/Teacher Disabled Annuitant Mortality Table, with adjustments.
- The mortality improvement scale was changed from MP-2018 to MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100.00 percent joint and survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent joint and survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

INDEPENDENT SCHOOL DISTRICT NO. 621

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2019 CHANGES IN PLAN PROVISIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 621

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2017 CHANGES IN PLAN PROVISIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 621

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

TEACHERS RETIREMENT ASSOCIATION (TRA)

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 621

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

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 621

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

PENSION BENEFITS PLAN

2023 CHANGES IN PLAN PROVISIONS

- The teachers' matching contribution to the tax-deferred annuity plan increased from \$3,600 to \$4,000 per year after three years of service. The clerical employees' matching contributions increased from \$1,400 for two and three years of service and \$1,900 thereafter, to \$1,600 and \$2,100, respectively. These match amounts are used as an offset to the pension benefits.

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The salary increase rates for nonteachers were updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.
- The discount rate was changed from 3.80 percent to 3.90 percent.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 CHANGES IN PLAN PROVISIONS

- The teachers' matching contribution to the tax-deferred annuity plan increased from \$3,300 to \$3,600 per year after three years of service. The clerical employees' matching contributions increased from \$1,100 for two and three years of service and \$1,600 thereafter, to \$1,400 and \$1,900, respectively. These match amounts are used as an offset to the pension benefits.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.40 percent to 2.10 percent.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees, to rates which vary by service and contract group.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 621

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

PENSION BENEFITS PLAN (CONTINUED)

2019 CHANGES IN PLAN PROVISIONS

- The teachers' matching contribution to the tax deferred annuity plan increased from \$3,200 to \$3,300 per year after three years of service. This benefit is used as an offset to the pension benefits.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.50 percent to 3.10 percent.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.90 percent to 3.50 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

OTHER POST-EMPLOYMENT BENEFITS PLAN

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The salary increase rates for nonteachers were updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.
- The 20-year municipal bond yield was changed from 3.80 percent to 3.90 percent.

INDEPENDENT SCHOOL DISTRICT NO. 621

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

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2021 CHANGES IN PLAN PROVISIONS

- Five nonaffiliated employees retired and elected a one-time offer to receive two years of district-paid medical, dental, and life insurance benefits.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees, to rates which vary by service and contract group.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 5.20 percent to 5.40 percent.
- The discount rate was changed from 5.20 percent to 5.40 percent.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the 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.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality table was updated from RP-2000 projected to 2014 with Scale BB, to the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale.
- The withdrawal table for all employees and the retirement table for only employees eligible to retire with Rule of 90 also were updated.
- The discount rate was changed from 5.00 percent to 5.20 percent.

SUPPLEMENTAL INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Special Revenue Funds		
	Food Service	Community Service	Total
Assets			
Cash and temporary investments	\$ 5,720,259	\$ 4,375,753	\$ 10,096,012
Receivables			
Current taxes	—	584,259	584,259
Delinquent taxes	—	15,844	15,844
Accounts and interest	—	3,475	3,475
Due from other governmental units	117,220	1,443,074	1,560,294
Inventory	39,751	—	39,751
Total assets	<u>\$ 5,877,230</u>	<u>\$ 6,422,405</u>	<u>\$ 12,299,635</u>
Liabilities			
Salaries payable	\$ 33,091	\$ 271,958	\$ 305,049
Accounts and contracts payable	61,002	225,330	286,332
Unearned revenue	244,853	495,098	739,951
Total liabilities	<u>338,946</u>	<u>992,386</u>	<u>1,331,332</u>
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	—	16,690	16,690
Property taxes levied for subsequent year	—	1,065,730	1,065,730
Total deferred inflows of resources	<u>—</u>	<u>1,082,420</u>	<u>1,082,420</u>
Fund balances (deficit)			
Nonspendable for inventory	39,751	—	39,751
Restricted	5,498,533	4,347,599	9,846,132
Total fund balances	<u>5,538,284</u>	<u>4,347,599</u>	<u>9,885,883</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,877,230</u>	<u>\$ 6,422,405</u>	<u>\$ 12,299,635</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Special Revenue Funds		
	Food Service	Community Service	Total
Revenue			
Local sources			
Property taxes	\$ —	\$ 1,050,089	\$ 1,050,089
Investment earnings	189,762	128,252	318,014
Other	3,157,805	5,813,473	8,971,278
State sources	278,317	1,135,482	1,413,799
Federal sources	3,832,676	1,135,548	4,968,224
Total revenue	7,458,560	9,262,844	16,721,404
Expenditures			
Current			
Food service	6,138,944	—	6,138,944
Community service	—	7,587,804	7,587,804
Capital outlay	672,668	67,508	740,176
Debt service			
Principal	21,915	—	21,915
Total expenditures	6,833,527	7,655,312	14,488,839
Net change in fund balances	625,033	1,607,532	2,232,565
Fund balances			
Beginning of year	4,913,251	2,740,067	7,653,318
End of year	\$ 5,538,284	\$ 4,347,599	\$ 9,885,883

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	\$ 62,661,855	\$ 60,958,921
Receivables		
Current taxes	22,259,374	23,251,421
Delinquent taxes	609,532	571,833
Accounts and interest	145,375	371,245
Due from other governmental units	20,554,127	15,228,633
Due from other funds	1,923,774	1,229,318
Prepaid items	<u>671,860</u>	<u>1,416,944</u>
Total assets	<u><u>\$ 108,825,897</u></u>	<u><u>\$ 103,028,315</u></u>
Liabilities		
Salaries payable	\$ 10,179,292	\$ 9,568,803
Accounts and contracts payable	3,206,029	4,162,970
Due to other governmental units	600,338	576,233
Unearned revenue	<u>201,227</u>	<u>366,787</u>
Total liabilities	<u>14,186,886</u>	<u>14,674,793</u>
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	652,254	394,893
Property taxes levied for subsequent year	<u>37,641,787</u>	<u>39,854,937</u>
Total deferred inflows of resources	<u>38,294,041</u>	<u>40,249,830</u>
Fund balances (deficits)		
Nonspendable for prepaid items	671,860	1,416,944
Restricted for scholarships	324,410	84,121
Restricted for operating capital	2,093,919	1,006,475
Restricted for learning and development	33,356	–
Restricted for state-approved alternative programs	88,874	87,703
Restricted for gifted and talented	69,131	38,764
Restricted for basic skills	117,506	–
Restricted for safe schools levy	21,404	21,599
Restricted for Medical Assistance	468,522	223,588
Assigned for alternative quality teacher compensation	307,567	211,547
Assigned for school building carryover	2,296,829	2,999,814
Assigned for program initiative	4,150,000	4,085,551
Assigned for site improvement	3,150,000	–
Assigned for information technology infrastructure	3,250,000	–
Assigned for safety and security	350,000	–
Assigned for fee for service	2,500,000	–
Unassigned – long-term facilities maintenance restricted account deficit	–	(1,076,805)
Unassigned	<u>36,451,592</u>	<u>39,004,391</u>
Total fund balances	<u><u>56,344,970</u></u>	<u><u>48,103,692</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 108,825,897</u></u>	<u><u>\$ 103,028,315</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	2023		2022	
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 43,267,344	\$ 43,423,315	\$ 155,971	\$ 43,520,794
Investment earnings	50,000	2,091,483	2,041,483	123,648
Other	3,177,419	3,469,860	292,441	3,102,111
State sources	123,262,771	125,360,002	2,097,231	122,045,911
Federal sources	10,703,805	9,353,969	(1,349,836)	9,470,453
Total revenue	180,461,339	183,698,629	3,237,290	178,262,917
Expenditures				
Current				
Administration				
Salaries	4,666,824	5,043,971	377,147	5,004,075
Employee benefits	1,791,531	1,917,107	125,576	1,894,677
Purchased services	33,812	40,470	6,658	34,203
Supplies and materials	12,268	7,199	(5,069)	10,007
Capital expenditures	6,000	—	(6,000)	—
Other expenditures	41,090	59,124	18,034	50,874
Total administration	6,551,525	7,067,871	516,346	6,993,836
District support services				
Salaries	2,829,873	2,958,746	128,873	3,219,103
Employee benefits	1,021,216	1,079,840	58,624	1,145,856
Purchased services	897,520	1,032,639	135,119	873,845
Supplies and materials	762,170	1,555,454	793,284	634,305
Capital expenditures	322,619	165,035	(157,584)	—
Other expenditures	2,727	(60,443)	(63,170)	(20,391)
Total district support services	5,836,125	6,731,271	895,146	5,852,718
Elementary and secondary regular instruction				
Salaries	52,332,025	47,516,279	(4,815,746)	48,259,586
Employee benefits	21,568,896	17,440,726	(4,128,170)	17,899,882
Purchased services	3,176,657	4,075,963	899,306	3,099,567
Supplies and materials	2,353,535	2,865,158	511,623	2,422,182
Capital expenditures	742,238	404,425	(337,813)	233,965
Other expenditures	589,868	442,981	(146,887)	452,140
Total elementary and secondary regular instruction	80,763,219	72,745,532	(8,017,687)	72,367,322

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	1,553,861	1,173,190	(380,671)	1,175,608
Employee benefits	587,097	428,301	(158,796)	452,671
Purchased services	365,851	458,413	92,562	326,473
Supplies and materials	21,199	14,275	(6,924)	13,911
Capital expenditures	—	11,877	11,877	—
Other expenditures	—	7,161	7,161	8,373
Total vocational education instruction	2,528,008	2,093,217	(434,791)	1,977,036
Special education instruction				
Salaries	21,127,014	21,137,537	10,523	20,612,818
Employee benefits	7,473,270	8,214,741	741,471	7,761,379
Purchased services	2,079,590	1,815,467	(264,123)	1,503,556
Supplies and materials	194,363	257,204	62,841	168,006
Capital expenditures	30,000	12,655	(17,345)	99
Other expenditures	24,365	121,788	97,423	129,604
Total special education instruction	30,928,602	31,559,392	630,790	30,175,462
Community service				
Purchased services	610,595	—	(610,595)	365,135
Instructional support services				
Salaries	7,428,616	8,905,518	1,476,902	7,840,434
Employee benefits	2,484,682	3,001,678	516,996	2,504,429
Purchased services	836,843	901,329	64,486	988,396
Supplies and materials	1,352,241	1,086,131	(266,110)	452,045
Capital expenditures	5,283	37,537	32,254	—
Other expenditures	39,320	62,742	23,422	77,834
Total instructional support services	12,146,985	13,994,935	1,847,950	11,863,138
Pupil support services				
Salaries	4,089,240	4,652,546	563,306	4,993,606
Employee benefits	1,600,361	1,792,546	192,185	1,816,283
Purchased services	15,964,232	14,888,671	(1,075,561)	14,307,511
Supplies and materials	21,373	69,141	47,768	61,321
Capital expenditures	3,000	—	(3,000)	—
Other expenditures	254	39,142	38,888	27,102
Total pupil support services	21,678,460	21,442,046	(236,414)	21,205,823

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	3,902,881	4,666,063	763,182	4,148,393
Employee benefits	1,922,986	1,832,175	(90,811)	1,819,346
Purchased services	9,235,186	9,671,362	436,176	12,639,824
Supplies and materials	1,052,156	1,374,745	322,589	2,549,989
Capital expenditures	1,057,433	1,139,777	82,344	425,679
Other expenditures	600	166,270	165,670	27,175
Total sites and buildings	17,171,242	18,850,392	1,679,150	21,610,406
Fiscal and other fixed cost programs				
Purchased services	571,976	634,223	62,247	592,135
Other expenditures	—	118,596	118,596	98,501
Total fiscal and other fixed cost programs	571,976	752,819	180,843	690,636
Debt service				
Principal	1,279,512	1,150,045	(129,467)	1,007,452
Interest and fiscal charges	395,090	188,897	(206,193)	192,597
Total debt service	1,674,602	1,338,942	(335,660)	1,200,049
Total expenditures	180,461,339	176,576,417	(3,884,922)	174,301,561
Excess of revenue over expenditures	—	7,122,212	7,122,212	3,961,356
Other financing sources				
Lease issued	—	931,539	931,539	27,080
Technology subscription issued	—	178,335	178,335	—
Insurance recovery	—	9,192	9,192	183,547
Total other financing sources	—	1,119,066	1,119,066	210,627
Net change in fund balances	\$ —	8,241,278	\$ 8,241,278	4,171,983
Fund balances				
Beginning of year		48,103,692		43,931,709
End of year		\$ 56,344,970		\$ 48,103,692

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	\$ 5,720,259	\$ 4,914,795
Receivables		
Due from other governmental units	117,220	294,329
Inventory	<u>39,751</u>	<u>42,384</u>
Total assets	<u><u>\$ 5,877,230</u></u>	<u><u>\$ 5,251,508</u></u>
Liabilities		
Salaries payable	\$ 33,091	\$ 30,368
Accounts and contracts payable	61,002	139,549
Due to other governmental units	—	35
Unearned revenue	<u>244,853</u>	<u>168,305</u>
Total liabilities	<u>338,946</u>	<u>338,257</u>
Fund balances		
Nonspendable for inventory	39,751	42,384
Restricted for food service	<u>5,498,533</u>	<u>4,870,867</u>
Total fund balances	<u><u>5,538,284</u></u>	<u><u>4,913,251</u></u>
Total liabilities and fund balances	<u><u>\$ 5,877,230</u></u>	<u><u>\$ 5,251,508</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	\$ 25,000	\$ 189,762	\$ 164,762	\$ 8,631
Other – primarily meal sales	4,023,527	3,157,805	(865,722)	851,071
State sources	288,380	278,317	(10,063)	279,267
Federal sources	3,403,509	3,832,676	429,167	7,810,922
Total revenue	<u>7,740,416</u>	<u>7,458,560</u>	<u>(281,856)</u>	<u>8,949,891</u>
Expenditures				
Current				
Salaries	2,479,955	1,960,263	(519,692)	2,387,965
Employee benefits	746,846	621,693	(125,153)	679,136
Purchased services	528,950	652,091	123,141	436,765
Supplies and materials	3,169,665	2,896,289	(273,376)	3,249,630
Other expenditures	15,000	8,608	(6,392)	6,497
Capital outlay	800,000	672,668	(127,332)	287,945
Debt service				
Principal	–	21,915	21,915	–
Total expenditures	<u>7,740,416</u>	<u>6,833,527</u>	<u>(906,889)</u>	<u>7,047,938</u>
Net change in fund balances	<u>\$ –</u>	<u>625,033</u>	<u>\$ 625,033</u>	<u>1,901,953</u>
Fund balances				
Beginning of year		<u>4,913,251</u>		<u>3,011,298</u>
End of year		<u>\$ 5,538,284</u>		<u>\$ 4,913,251</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	\$ 4,375,753	\$ 3,566,522
Receivables		
Current taxes	584,259	577,383
Delinquent taxes	15,844	15,120
Accounts and interest	3,475	—
Due from other governmental units	1,443,074	523,669
Prepaid items	<u>—</u>	<u>7,642</u>
Total assets	<u>\$ 6,422,405</u>	<u>\$ 4,690,336</u>
Liabilities		
Salaries payable	\$ 271,958	\$ 217,081
Accounts and contracts payable	225,330	224,521
Unearned revenue	<u>495,098</u>	<u>432,410</u>
Total liabilities	992,386	874,012
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	16,690	10,736
Property taxes levied for subsequent year	<u>1,065,730</u>	<u>1,065,521</u>
Total deferred inflows of resources	1,082,420	1,076,257
Fund balances (deficit)		
Nonspendable for prepaid items	—	7,642
Restricted for community education programs	3,089,924	2,543,317
Restricted for early childhood family education programs	133,571	—
Restricted for school readiness	808,117	548,519
Restricted for adult basic education	244,677	225,261
Restricted for community service	71,310	48,396
Unassigned – early childhood family education programs		
restricted account deficit	<u>—</u>	<u>(633,068)</u>
Total fund balances	<u>4,347,599</u>	<u>2,740,067</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,422,405</u>	<u>\$ 4,690,336</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 1,164,857	\$ 1,050,089	\$ (114,768)	\$ 1,006,048
Investment earnings	—	128,252	128,252	5,604
Other – primarily tuition and fees	4,809,257	5,813,473	1,004,216	4,212,506
State sources	1,169,910	1,135,482	(34,428)	1,066,036
Federal sources	1,995,224	1,135,548	(859,676)	239,125
Total revenue	9,139,248	9,262,844	123,596	6,529,319
Expenditures				
Current				
Salaries	4,634,938	3,605,996	(1,028,942)	3,231,187
Employee benefits	1,588,478	1,303,204	(285,274)	1,138,200
Purchased services	1,168,412	1,304,449	136,037	456,540
Supplies and materials	1,135,767	1,202,949	67,182	820,257
Other expenditures	115,150	171,206	56,056	6,943
Capital outlay	496,503	67,508	(428,995)	60,712
Debt service				
Principal	—	—	—	96,758
Interest and fiscal charges	—	—	—	6,396
Total expenditures	9,139,248	7,655,312	(1,483,936)	5,816,993
Net change in fund balances	\$ —	1,607,532	\$ 1,607,532	712,326
Fund balances				
Beginning of year		2,740,067		2,027,741
End of year		\$ 4,347,599		\$ 2,740,067

INDEPENDENT SCHOOL DISTRICT NO. 621

Capital Projects – Building Construction Fund
Comparative Balance Sheet
as of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	<u>\$ 9,864,998</u>	<u>\$ 14,669,002</u>
Liabilities		
Accounts and contracts payable	\$ 1,039,484	\$ 484,201
Fund balances		
Restricted for capital projects	<u>8,825,514</u>	<u>14,184,801</u>
Total liabilities and fund balances	<u>\$ 9,864,998</u>	<u>\$ 14,669,002</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

Capital Projects – Building Construction Fund
Comparative Schedule of Revenue, Expenditures, and Changes in Fund Balances
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenue		
Local sources		
Investment earnings	\$ 595,218	\$ 370,878
Other	—	127,008
Total revenue	<u>595,218</u>	<u>497,886</u>
Expenditures		
Capital outlay		
Purchased services	5,307,182	772,565
Capital expenditures	<u>647,323</u>	<u>588,641</u>
Total expenditures	<u>5,954,505</u>	<u>1,361,206</u>
Net change in fund balances	(5,359,287)	(863,320)
Fund balances		
Beginning of year	<u>14,184,801</u>	<u>15,048,121</u>
End of year	<u><u>\$ 8,825,514</u></u>	<u><u>\$ 14,184,801</u></u>

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INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Regular Debt Service Account	OPEB Debt Service Account	Totals	
			2023	2022
Assets				
Cash and temporary investments	\$ 8,389,782	\$ 4,128,793	\$ 12,518,575	\$ 11,782,455
Receivables				
Current taxes	6,360,653	4,091,079	10,451,732	10,621,051
Delinquent taxes	229,338	58,775	288,113	273,577
Due from other governmental units	52,254	2	52,256	54,637
Total assets	<u>\$ 15,032,027</u>	<u>\$ 8,278,649</u>	<u>\$ 23,310,676</u>	<u>\$ 22,731,720</u>
Liabilities				
Accounts and contracts payable	\$ 2,366	\$ —	\$ 2,366	\$ 2,300
Deferred inflows of resources				
Unavailable revenue – delinquent taxes	250,895	54,025	304,920	191,699
Property taxes levied for subsequent year	11,602,271	7,462,411	19,064,682	19,600,406
Total deferred inflows of resources	<u>11,853,166</u>	<u>7,516,436</u>	<u>19,369,602</u>	<u>19,792,105</u>
Fund balances				
Restricted for debt service	<u>3,176,495</u>	<u>762,213</u>	<u>3,938,708</u>	<u>2,937,315</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,032,027</u>	<u>\$ 8,278,649</u>	<u>\$ 23,310,676</u>	<u>\$ 22,731,720</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	2023		
	Actual		Total
	Regular	OPEB	
Budget	Debt Service Account	Debt Service Account	
Revenue			
Local sources			
Property taxes	\$ 19,029,484	\$ 13,207,480	\$ 19,314,476
Investment earnings	—	41,010	313,162
State sources	520,749	21	523,490
Total revenue	19,550,233	6,148,027	20,151,128
Expenditures			
Debt service			
Principal	12,020,000	5,480,000	12,020,000
Interest	7,124,670	370,800	7,124,670
Fiscal charges and other	5,850	—	5,065
Total expenditures	19,150,520	5,850,800	19,149,735
Net change in fund balances	\$ 399,713	297,227	1,001,393
Fund balances			
Beginning of year	2,472,329	464,986	2,937,315
End of year	\$ 3,176,495	\$ 762,213	\$ 3,938,708

	2022
Over (Under) Budget	Total
\$ 284,992	\$ 19,006,177
313,162	17,856
2,741	554,799
<u>600,895</u>	<u>19,578,832</u>
—	11,180,000
—	7,540,970
<u>(785)</u>	<u>8,215</u>
<u>(785)</u>	<u>18,729,185</u>
<u>\$ 601,680</u>	849,647
	<u>2,087,668</u>
	<u>\$ 2,937,315</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Dental Self-Insurance	Medical Self-Insurance	Totals	
			2023	2022
Assets				
Current assets				
Cash and temporary investments	\$ 1,148,545	\$ 16,281,291	\$ 17,429,836	\$ 14,762,734
Liabilities				
Current liabilities				
Claims payable	120,796	618,839	739,635	452,634
Claims incurred, but not reported	41,686	1,463,630	1,505,316	1,202,374
Unearned revenue	136,826	2,478,902	2,615,728	2,493,397
Total current liabilities	<u>299,308</u>	<u>4,561,371</u>	<u>4,860,679</u>	<u>4,148,405</u>
Net position				
Unrestricted	<u>\$ 849,237</u>	<u>\$ 11,719,920</u>	<u>\$ 12,569,157</u>	<u>\$ 10,614,329</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Dental Self-Insurance	Medical Self-Insurance	Totals	
			2023	2022
Operating revenue				
Charges for services	\$ 1,219,407	\$ 22,871,064	\$ 24,090,471	\$ 23,558,954
Operating expenses				
Dental benefit claims	1,503,301	—	1,503,301	1,308,090
Medical benefit claims	—	21,144,235	21,144,235	20,147,714
Total operating expenses	<u>1,503,301</u>	<u>21,144,235</u>	<u>22,647,536</u>	<u>21,455,804</u>
Operating income (loss)	(283,894)	1,726,829	1,442,935	2,103,150
Nonoperating revenue				
Investment earnings	<u>52,805</u>	<u>459,088</u>	<u>511,893</u>	<u>23,676</u>
Change in net position	(231,089)	2,185,917	1,954,828	2,126,826
Net position				
Beginning of year	<u>1,080,326</u>	<u>9,534,003</u>	<u>10,614,329</u>	<u>8,487,503</u>
End of year	<u>\$ 849,237</u>	<u>\$ 11,719,920</u>	<u>\$ 12,569,157</u>	<u>\$ 10,614,329</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Dental Self-Insurance	Medical Self-Insurance	Totals	
			2023	2022
Cash flows from operating activities				
Assessments from other funds and employee contributions	\$ 1,222,901	\$ 22,989,901	\$ 24,212,802	\$ 23,595,166
Payments for dental claims	(1,573,545)	—	(1,573,545)	(1,185,073)
Payments for medical claims	—	(20,484,048)	(20,484,048)	(19,807,518)
Net cash flows from operating activities	(350,644)	2,505,853	2,155,209	2,602,575
Cash flows from investing activities				
Investment income received	52,805	459,088	511,893	23,676
Net change in cash and cash equivalents	(297,839)	2,964,941	2,667,102	2,626,251
Cash and cash equivalents				
Beginning of year	1,446,384	13,316,350	14,762,734	12,136,483
End of year	\$ 1,148,545	\$ 16,281,291	\$ 17,429,836	\$ 14,762,734
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ (283,894)	\$ 1,726,829	\$ 1,442,935	\$ 2,103,150
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Changes in assets and liabilities				
Claims payable	(111,930)	398,931	287,001	342,924
Claims incurred, but not reported	41,686	261,256	302,942	120,289
Unearned revenue	3,494	118,837	122,331	36,212
Total changes in assets and liabilities	(66,750)	779,024	712,274	499,425
Net cash flows from operating activities	\$ (350,644)	\$ 2,505,853	\$ 2,155,209	\$ 2,602,575

STATISTICAL SECTION

(UNAUDITED)

STATISTICAL SECTION (UNAUDITED)

This section of Independent School District No. 621, Mounds View Public Schools' (the District) Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the District's most significant local revenue source, property taxes.

Debt Capacity

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.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Indicators

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.

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

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	2014	2015	2016	Fiscal Year 2017
Governmental activities				
Net investment in capital assets	\$ 23,744,173	\$ 25,085,659	\$ 26,932,748	\$ 28,976,776
Restricted	5,739,644	4,200,517	4,608,400	4,646,339
Unrestricted	<u>30,426,448</u>	<u>(53,630,283)</u>	<u>(56,055,220)</u>	<u>(116,895,944)</u>
Total governmental activities net position	<u>\$ 59,910,265</u>	<u>\$ (24,344,107)</u>	<u>\$ (24,514,072)</u>	<u>\$ (83,272,829)</u>

Note 1: The District implemented GASB Statement No. 68 in fiscal 2015. The District reported a change in accounting principle as a result of implementing this standard that decreased unrestricted net position by approximately \$82.1 million. Prior years were not restated.

Note 2: The District implemented GASB Statement Nos. 73, 74, and 75 in fiscal 2017. The District reported a change in accounting principle as a result of implementing these standards that decreased net position by approximately \$25.2 million. Prior years were not restated.

Note 3: The District reported a prior period adjustment in fiscal 2023 that increased net position by approximately \$1.8 million. Prior years were not restated.

2018	2019	2020	2021	2022	2023
\$ 32,618,509	\$ 39,575,093	\$ 43,544,385	\$ 46,637,728	\$ 47,653,110	\$ 45,814,008
4,593,151	5,357,804	4,582,543	8,097,173	9,846,918	16,795,549
<u>(154,457,243)</u>	<u>(119,040,647)</u>	<u>(121,764,031)</u>	<u>(107,770,911)</u>	<u>(89,060,456)</u>	<u>(47,669,106)</u>
<u><u>\$ (117,245,583)</u></u>	<u><u>\$ (74,107,750)</u></u>	<u><u>\$ (73,637,103)</u></u>	<u><u>\$ (53,036,010)</u></u>	<u><u>\$ (31,560,428)</u></u>	<u><u>\$ 14,940,451</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Fiscal Year			
	2014	2015	2016	2017
Governmental activities				
Expenses				
Administration	\$ 4,973,898	\$ 5,387,659	\$ 6,110,334	\$ 7,471,675
District support services	2,961,502	3,197,095	3,942,368	4,145,830
Elementary and secondary regular instruction	61,988,289	67,127,774	70,955,844	95,722,251
Vocational education instruction	1,925,945	1,908,522	1,757,061	2,616,771
Special education instruction	25,116,400	27,232,152	28,745,016	35,418,105
Instructional support services	7,028,111	7,566,625	8,890,155	11,824,060
Pupil support services	11,642,274	13,963,511	14,643,966	16,199,619
Sites and buildings	17,554,040	20,121,886	18,139,344	18,668,418
Fiscal and other fixed cost programs	385,752	427,619	219,076	278,990
Food service	5,339,131	5,564,921	5,841,533	6,184,095
Community service	5,314,907	4,851,812	5,030,833	6,273,316
Interest and fiscal charges on debt	5,006,312	4,509,118	4,165,302	3,989,027
Total governmental activities expenses	149,236,561	161,858,694	168,440,832	208,792,157
Program revenues				
Charges for services				
Elementary and secondary regular instruction	1,208,673	1,067,920	861,975	868,724
Special education instruction	418,370	508,402	631,279	475,074
Instructional support services	—	123,345	149,426	156,597
Pupil support services	316,479	280,775	272,957	295,884
Sites and buildings	109,594	103,626	107,544	105,249
Food service	3,062,065	3,074,885	3,087,136	3,172,899
Community service	3,026,503	2,712,614	2,779,048	3,045,614
Operating grants and contributions				
Administration	—	6,241	58,073	—
District support services	—	461	6,077	—
Elementary and secondary regular instruction	2,574,979	2,920,534	3,811,345	3,110,627
Vocational education instruction	—	3,158	28,361	—
Special education instruction	19,486,876	21,872,209	23,283,918	23,339,833
Instructional support services	—	9,083	79,299	—
Pupil support services	148,927	198,149	46,423	—
Sites and buildings	—	27	374	231,980
Food service	2,321,349	2,629,613	2,920,947	3,020,997
Community service	460,858	479,185	1,150,580	1,262,178
Capital grants and contributions				
Sites and buildings	914,836	1,484,698	1,496,359	1,559,679
Total governmental activities program revenues	34,049,509	37,474,925	40,771,121	40,645,335
Net (expense) revenue	(115,187,052)	(124,383,769)	(127,669,711)	(168,146,822)
General revenues and other changes in net position				
Taxes				
Property taxes, levied for general purposes	13,953,313	23,522,410	25,150,513	30,211,501
Property taxes, levied for community service	500,089	953,169	975,913	979,320
Property taxes, levied for capital projects	2,949,291	3,689,071	3,689,071	—
Property taxes, levied for debt service	13,748,691	13,251,524	13,045,257	12,895,803
General grants and aids	82,712,425	77,974,223	81,706,355	88,069,014
Other general revenues	2,702,309	2,474,379	2,307,624	2,292,769
Gain on sale of capital assets	—	413,034	—	—
Investment earnings (charges)	90,718	(10,078)	625,013	192,615
Total general revenues and other changes in net position	116,656,836	122,267,732	127,499,746	134,641,022
Change in net position	\$ 1,469,784	\$ (2,116,037)	\$ (169,965)	\$ (33,505,800)

Note: The change in "tax shift," as approved in legislation, impacted the amount of tax revenue recognized in fiscal year 2014. Changes in the amount of revenue recognized due to the tax shift are offset by an adjustment to state aid payments by an equal amount.

2018	2019	2020	2021	2022	2023
\$ 7,668,827	\$ 5,050,750	\$ 6,851,159	\$ 6,846,710	\$ 6,445,592	\$ 6,194,851
4,349,055	3,374,138	4,084,535	4,839,842	5,338,857	6,628,390
95,039,715	51,196,047	79,172,881	79,483,975	75,336,039	63,898,887
3,230,895	1,445,513	2,410,016	2,338,774	1,853,615	1,664,422
34,409,090	19,215,805	29,373,738	27,842,706	28,128,688	26,206,385
11,956,712	7,342,386	11,196,400	11,546,208	11,172,927	12,281,559
17,115,807	16,231,907	18,800,249	17,182,687	20,785,814	20,001,528
19,719,565	20,605,301	21,545,372	20,168,897	22,940,844	20,408,341
266,786	266,838	385,933	565,430	690,636	752,819
5,976,662	5,891,965	5,619,436	5,308,148	6,836,818	6,398,882
7,350,028	5,724,008	7,286,126	4,539,377	5,768,598	7,119,410
6,111,749	8,835,930	7,981,433	7,122,669	6,767,534	6,352,127
213,194,891	145,180,588	194,707,278	187,785,423	192,065,962	177,907,601
1,004,098	1,173,664	576,429	773,262	771,388	864,571
553,754	435,896	339,699	234,127	339,063	484,675
163,431	145,897	139,755	124,599	142,013	156,654
306,794	322,264	244,561	36,686	243,997	361,453
112,906	122,799	71,619	33,115	183,547	9,192
3,118,383	3,214,081	2,445,975	141,196	851,071	3,157,805
3,373,337	3,411,613	2,901,835	1,562,947	2,938,086	4,188,999
—	—	—	—	—	—
—	—	—	—	—	—
3,675,378	3,543,610	3,957,894	3,150,839	2,872,409	3,581,658
—	—	—	—	—	—
24,638,171	24,141,833	27,774,698	26,264,440	28,457,731	29,483,394
—	—	—	—	—	44,334
—	—	—	—	—	25,000
364,777	499,411	469,592	540,723	669,114	615,818
2,954,599	2,921,186	2,935,815	6,946,943	8,090,189	4,110,993
1,064,414	1,254,582	1,342,557	1,375,109	1,268,809	2,269,391
1,812,914	1,969,876	1,893,498	1,796,947	1,661,812	1,552,779
43,142,956	43,156,712	45,093,927	42,980,933	48,489,229	50,906,716
(170,051,935)	(102,023,876)	(149,613,351)	(144,804,490)	(143,576,733)	(127,000,885)
30,823,278	30,685,939	31,345,471	44,432,753	43,565,477	43,680,676
1,005,463	995,010	994,294	1,016,960	1,006,846	1,056,043
—	—	—	—	—	—
12,902,963	18,797,523	18,304,743	18,101,531	19,024,763	19,427,697
87,181,761	85,881,005	92,508,417	97,797,777	97,897,858	100,509,871
2,104,906	2,961,523	2,878,435	3,152,662	3,007,078	3,226,981
—	—	—	—	—	—
2,060,810	5,840,709	4,005,104	903,900	550,293	3,829,770
136,079,181	145,161,709	150,036,464	165,405,583	165,052,315	171,731,038
\$ (33,972,754)	\$ 43,137,833	\$ 423,113	\$ 20,601,093	\$ 21,475,582	\$ 44,730,153

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INDEPENDENT SCHOOL DISTRICT NO. 621

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

Fiscal Year	Property Tax				
	General Purpose	Community Service	Capital Projects	Debt Service	Total
2014	\$ 13,953,313	\$ 500,089	\$ 2,949,291	\$ 13,748,691	\$ 31,151,384
2015	23,522,410	953,169	3,689,071	13,251,524	41,416,174
2016	25,150,513	975,913	3,689,071	13,045,257	42,860,754
2017	30,211,501	979,320	—	12,895,803	44,086,624
2018	30,823,278	1,005,463	—	12,902,963	44,731,704
2019	30,685,939	995,010	—	18,797,523	50,478,472
2020	31,345,471	994,294	—	18,304,743	50,644,508
2021	44,432,753	1,016,960	—	18,101,531	63,551,244
2022	43,565,477	1,006,846	—	19,024,763	63,597,086
2023	43,680,676	1,056,043	—	19,427,697	64,164,416

Note: The change in “tax shift,” as approved in legislation, impacted the amount of tax revenue recognized in fiscal year 2014. Changes in the amount of revenue recognized due to the tax shift are offset by an adjustment to state aid payments by an equal amount.

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Fiscal Year			
	2014	2015	2016	2017
General Fund				
Nonspendable	\$ 685,727	\$ 611,100	\$ 817,416	\$ 889,805
Restricted	3,407,081	1,474,792	1,150,426	2,059,378
Assigned	7,358,288	6,093,447	3,849,612	2,409,020
Unassigned	26,226,692	22,882,526	23,978,712	25,061,852
Total General Fund	<u>\$ 37,677,788</u>	<u>\$ 31,061,865</u>	<u>\$ 29,796,166</u>	<u>\$ 30,420,055</u>
All other governmental funds				
Nonspendable	\$ 56,496	\$ 48,946	\$ 57,788	\$ 61,275
Restricted				
Capital Projects – Building				
Construction Fund	—	—	—	—
Special revenue funds	1,366,755	1,532,865	1,859,612	2,544,249
Debt service funds	1,812,004	19,742,100	19,790,965	19,352,348
Unassigned				
Capital Projects – Building				
Construction Fund	(1,235,502)	(1,113,140)	(1,146,182)	(1,146,182)
Special revenue funds	(48,429)	(30,570)	(30,527)	(30,084)
Total all other governmental funds	<u>\$ 1,951,324</u>	<u>\$ 20,180,201</u>	<u>\$ 20,531,656</u>	<u>\$ 20,781,606</u>

2018	2019	2020	2021	2022	2023
\$ 1,533,522	\$ 1,182,398	\$ 1,341,279	\$ 547,596	\$ 1,416,944	\$ 671,860
2,083,897	2,344,085	1,482,930	1,859,692	1,462,250	3,217,122
2,064,178	2,574,974	2,215,256	3,289,432	7,296,912	16,004,396
23,501,191	23,159,906	24,948,424	38,234,989	37,927,586	36,451,592
<u>\$ 29,182,788</u>	<u>\$ 29,261,363</u>	<u>\$ 29,987,889</u>	<u>\$ 43,931,709</u>	<u>\$ 48,103,692</u>	<u>\$ 56,344,970</u>
\$ 54,558	\$ 34,668	\$ 92,889	\$ 35,268	\$ 50,026	\$ 39,751
162,532,071	143,289,920	45,614,655	15,048,121	14,184,801	8,825,514
2,479,513	2,966,647	2,995,949	6,192,275	8,236,360	9,846,132
19,196,794	2,462,948	2,264,238	2,087,668	2,937,315	3,938,708
—	—	—	—	—	—
(366,133)	(883,294)	(1,459,348)	(1,188,504)	(633,068)	—
<u>\$ 183,896,803</u>	<u>\$ 147,870,889</u>	<u>\$ 49,508,383</u>	<u>\$ 22,174,828</u>	<u>\$ 24,775,434</u>	<u>\$ 22,650,105</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Fiscal Year			
	2014	2015	2016	2017
Revenues				
Local sources				
Taxes	\$ 31,156,962	\$ 41,287,736	\$ 43,006,440	\$ 44,267,541
Investment earnings	90,401	(10,938)	619,728	175,099
Other	10,843,993	10,345,946	10,196,989	10,412,810
State sources	102,961,146	101,311,005	108,248,827	110,426,489
Federal sources	5,659,104	6,095,805	6,339,284	6,562,930
Total revenues	<u>150,711,606</u>	<u>159,029,554</u>	<u>168,411,268</u>	<u>171,844,869</u>
Expenditures				
Current				
Administration	4,967,213	5,461,993	6,016,773	5,988,354
District support services	2,965,208	3,448,811	3,704,592	3,935,287
Elementary and secondary regular instruction	56,784,520	63,171,558	64,414,615	65,233,055
Vocational education instruction	1,923,919	1,938,448	1,751,962	1,982,348
Special education instruction	24,995,572	27,283,564	28,625,809	26,532,145
Instructional support services	7,075,720	7,688,981	8,724,439	9,358,160
Pupil support services	11,592,172	13,879,645	14,562,250	14,989,443
Sites and buildings	13,193,941	15,293,272	13,517,854	23,289,708
Fiscal and other fixed cost programs	385,752	427,619	219,076	278,990
Food service	5,119,024	5,420,705	5,696,674	5,713,538
Community service	5,299,438	4,848,292	5,002,466	5,242,797
Capital outlay	3,445,997	3,721,645	3,980,877	306,553
Debt service				
Principal	9,550,000	9,035,000	9,220,000	9,660,700
Interest and fiscal charges	5,603,388	4,489,735	4,391,040	4,159,952
Total expenditures	<u>152,901,864</u>	<u>166,109,268</u>	<u>169,828,427</u>	<u>176,671,030</u>
Excess of revenues over (under) expenditures	(2,190,258)	(7,079,714)	(1,417,159)	(4,826,161)
Other financing sources (uses)				
Transfers in	2,949,291	3,689,071	4,189,071	—
Transfers out	(2,949,291)	(3,689,071)	(3,689,071)	—
Sale of capital assets	—	413,034	2,915	—
Bonds issued	—	17,515,000	—	—
Finance purchase issued	—	—	—	5,700,000
Lease issued	—	—	—	—
Technology subscription issued	—	—	—	—
Insurance recovery	—	—	—	—
Premium (discounts) on debt issued	—	764,634	—	—
Payment on refunded debt	(48,898,305)	—	—	—
Total other financing sources (uses)	<u>(48,898,305)</u>	<u>18,692,668</u>	<u>502,915</u>	<u>5,700,000</u>
Net change in fund balances	<u>\$ (51,088,563)</u>	<u>\$ 11,612,954</u>	<u>\$ (914,244)</u>	<u>\$ 873,839</u>
Debt service as a percentage of noncapital expenditures	<u>10.1%</u>	<u>8.3%</u>	<u>8.2%</u>	<u>8.1%</u>

Note: The change in “tax shift,” as approved in legislation, impacted the amount of tax revenue recognized in fiscal year 2014. Changes in the amount of revenue recognized due to the tax shift are offset by an adjustment to state aid payments by an equal amount.

2018	2019	2020	2021	2022	2023
\$ 44,588,332	\$ 50,550,877	\$ 50,703,643	\$ 63,526,723	\$ 63,533,019	\$ 63,787,880
1,989,789	5,729,382	3,884,590	890,296	526,617	3,317,877
10,737,609	11,787,737	9,598,308	6,047,569	8,292,696	12,441,138
114,867,864	118,959,085	123,410,682	121,790,886	123,946,013	127,297,291
6,860,329	6,502,655	7,434,835	15,866,050	17,520,500	14,322,193
179,043,923	193,529,736	195,032,058	208,121,524	213,818,845	221,166,379
6,322,518	6,734,366	6,681,656	6,776,405	6,993,836	7,067,871
3,959,649	3,974,222	4,119,164	5,247,147	5,852,718	6,731,271
66,939,396	69,212,585	69,869,656	71,731,118	72,367,322	72,745,532
2,546,828	2,282,901	2,276,885	2,220,828	1,977,036	2,093,217
27,208,114	26,892,611	28,317,961	26,964,528	30,175,462	31,559,392
9,640,035	9,756,662	10,839,119	11,321,489	11,863,138	13,994,935
15,949,536	17,377,966	18,624,305	16,995,022	21,205,823	21,442,046
19,291,527	19,246,078	18,618,571	19,314,527	21,610,406	18,850,392
266,786	266,838	385,933	565,430	690,636	752,819
5,759,681	5,835,988	5,479,558	4,759,393	6,759,993	6,138,944
6,387,890	7,024,784	7,103,880	4,401,655	6,018,262	7,587,804
3,352,808	24,162,868	100,991,984	32,130,176	1,709,863	6,694,681
9,940,680	10,729,994	11,026,547	10,828,314	12,284,210	13,191,960
4,624,926	9,164,212	8,486,477	8,266,252	7,748,178	7,318,632
182,190,374	212,662,075	292,821,696	221,522,284	207,256,883	216,169,496
(3,146,451)	(19,132,339)	(97,789,638)	(13,400,760)	6,561,962	4,996,883
1,146,182	—	—	—	—	—
(1,146,182)	—	—	—	—	—
—	—	—	—	—	—
156,550,000	—	16,600,000	—	—	—
—	—	—	—	—	—
—	—	—	—	27,080	931,539
—	—	—	—	—	178,335
—	—	—	11,025	183,547	9,192
8,474,381	—	1,891,124	—	—	—
—	(16,815,000)	(18,385,000)	—	—	—
165,024,381	(16,815,000)	106,124	11,025	210,627	1,119,066
\$ 161,877,930	\$ (35,947,339)	\$ (97,683,514)	\$ (13,389,735)	\$ 6,772,589	\$ 6,115,949
8.2%	10.5%	10.1%	10.0%	9.7%	9.8%

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INDEPENDENT SCHOOL DISTRICT NO. 621

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

Fiscal Year	Property Tax			
	General Purpose	Community Service	Debt Service	Total
2014	\$ 16,909,462	\$ 500,673	\$ 13,746,827	\$ 31,156,962
2015	27,128,723	950,321	13,208,692	41,287,736
2016	28,930,255	984,564	13,091,621	43,006,440
2017	30,326,197	983,709	12,957,635	44,267,541
2018	30,720,300	1,002,306	12,865,726	44,588,332
2019	30,756,672	997,284	18,796,921	50,550,877
2020	31,390,081	995,923	18,317,639	50,703,643
2021	44,400,044	1,017,797	18,108,882	63,526,723
2022	43,520,794	1,006,048	19,006,177	63,533,019
2023	43,423,315	1,050,089	19,314,476	63,787,880

Note: The change in “tax shift,” as approved in legislation, impacted the amount of tax revenue recognized in fiscal year 2014. Changes in the amount of revenue recognized due to the tax shift are offset by an adjustment to state aid payments by an equal amount.

INDEPENDENT SCHOOL DISTRICT NO. 621

Tax Capacities and Estimated Market Values
Last Ten Fiscal Years

For Taxes Collectible	Tax Capacities				
	Agricultural	Nonagricultural	Fiscal Disparities		Tax Increment
			Contribution	Distribution	
2014	\$ 53,733	\$ 91,186,002	\$ (12,920,974)	\$ 8,575,060	\$ (7,703,743)
2015	54,207	96,482,949	(12,818,532)	8,722,933	(6,971,412)
2016	54,207	99,371,202	(12,662,936)	9,068,708	(6,359,282)
2017	55,245	105,143,686	(12,908,522)	10,010,150	(6,424,566)
2018	57,112	113,030,538	(13,677,567)	10,793,803	(6,761,366)
2019	57,112	120,900,657	(14,561,993)	11,280,177	(6,810,801)
2020	16,688	128,820,834	(15,858,671)	11,787,354	(6,564,847)
2021	16,688	137,638,851	(15,962,229)	12,260,186	(7,297,974)
2022	—	141,608,335	(17,824,315)	13,495,675	(7,942,608)
2023	15,128	160,219,666	(17,559,389)	12,997,251	(9,337,747)

Note 1: Tax capacity is calculated by applying class rates for specific property classifications (residential, commercial, etc.) to the assessed market value. Class rates are periodically changed by the state.

Note 2: Tax rates are per one dollar of tax capacity.

Note 3: District tax capacity rates do not include the referendum, which is spread on school district referendum market value.

Source: State of Minnesota School Tax Report

Total Taxable	Tax Capacity Rate	Estimated Market Value	Market Value Tax Rate	Percent Total Tax Capacity of Estimated Market Value
\$ 79,190,078	29.734	\$ 7,555,198,500	0.21069	1.05 %
85,470,145	27.378	8,042,644,600	0.21901	1.06
89,471,899	26.245	8,292,264,800	0.22261	1.08
95,875,993	25.305	8,752,524,300	0.20712	1.10
103,442,520	28.464	9,343,714,000	0.19725	1.11
110,865,152	26.330	9,971,701,500	0.18765	1.11
118,201,358	24.964	10,641,714,500	0.29347	1.11
126,655,522	23.863	11,297,090,500	0.25290	1.12
129,337,087	23.420	11,636,307,400	0.25640	1.11
146,334,909	18.367	13,183,343,608	0.22776	1.11

INDEPENDENT SCHOOL DISTRICT NO. 621

Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Tax Collection Year	ISD No. 621	Municipalities			
		City of Arden Hills	City of Mounds View	City of New Brighton	City of North Oaks
2014	29.734	27.950	44.301	38.354	10.808
2015	27.378	27.294	42.886	36.193	10.121
2016	26.245	26.539	40.105	36.176	10.021
2017	25.305	27.211	37.531	43.479	10.047
2018	28.464	25.532	37.742	43.239	10.873
2019	26.330	25.555	38.009	42.882	11.253
2020	24.964	25.414	36.675	42.619	11.698
2021	23.863	25.089	35.569	39.545	11.767
2022	23.420	26.543	35.180	42.010	12.210
2023	18.367	23.632	33.856	39.795	11.530

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

Note 2: The tax capacity rate applied to an individual property is the sum of the applicable school district, city, county, and other taxing entity tax rates. The “other” taxing entities include: the Metropolitan Council, Ramsey County Library, and Northeast Metropolitan Intermediate School District No. 916.

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

Source: Ramsey County Auditor

City of Roseville	City of Shoreview	City of Vadnais Heights	Ramsey County	White Bear Township	Other
40.121	37.490	29.269	63.735	24.014	7.359
38.909	34.873	26.904	58.922	22.031	6.980
39.324	35.357	26.820	58.885	22.875	7.252
38.552	34.302	26.845	51.173	21.976	6.920
38.177	33.617	24.872	49.473	21.623	6.642
37.422	32.960	24.127	48.565	21.722	6.413
39.201	32.626	24.583	48.081	21.760	6.224
37.071	32.331	23.298	43.859	24.142	5.710
38.483	32.961	26.135	43.987	27.181	5.962
36.083	30.258	25.860	41.231	25.856	5.351

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INDEPENDENT SCHOOL DISTRICT NO. 621

Principal Taxpayers
Current and Nine Years Ago

Taxpayer	Type of Property	2023		2014	
		Tax Capacity	Percent of Total Tax Capacity	Tax Capacity	Percent of Total Tax Capacity
Medtronic, Inc.	Commercial	\$ 2,818,836	1.9 %	\$ 2,160,228	2.7 %
Cardiac Pacemakers, Inc.	Commercial	1,050,406	0.7	1,549,250	2.0
Breit Ramsey Industrial Owner LLC	Commercial	1,047,042	0.7	625,140	0.8
Land O' Lakes, Inc.	Commercial	716,830	0.5	360,146	0.5
Wells Fargo Properties, Inc.	Commercial	670,782	0.5	737,220	0.9
Shoreview Housing Phase 1 LLC	Commercial	636,250	0.4	—	—
KJPL Shoreview LLC	Commercial	633,375	0.4	—	—
St. Paul Fire and Marine Insurance Company	Commercial	560,676	0.4	348,426	0.4
Space Center Arden Hills, LLC	Commercial	535,314	0.4	—	—
Levitan Limited Partnership	Commercial	521,745	0.4	262,106	0.3
Presbyterian Homes, Inc	Commercial	480,019	0.3	—	—
Terrace Apartments Company	Commercial	466,846	0.3	279,581	0.4
ICON Owner Pool 3 Midwest/Southeast LLC	Commercial	446,630	0.3	277,452	0.4
Deluxe Corporation	Commercial	—	—	437,250	0.6
Total		<u>\$ 10,584,751</u>	<u>7.2 %</u>	<u>\$ 7,036,799</u>	<u>8.9 %</u>

Source: Cities of Arden Hills, Mounds View, New Brighton, North Oaks, Shoreview, and Vadnais Heights

INDEPENDENT SCHOOL DISTRICT NO. 621

Property Tax Levies and Receivables
Last Ten Fiscal Years

For Taxes Collectible	Original Levy			First Year Levy Recognized		Collections
	Local Spread	Fiscal Disparities	Total Spread	Amount	Percentage of Levy	Received in Subsequent Years
2014	\$ 37,011,867	\$ 4,658,824	\$ 41,670,691	\$ 41,394,871	99.3 %	\$ 275,820
2015	38,721,741	4,560,027	43,281,768	42,995,564	99.3	286,204
2016	39,603,186	4,564,200	44,167,386	43,918,515	99.4	248,871
2017	39,944,784	4,925,309	44,870,093	44,662,492	99.5	182,819
2018	44,892,812	5,010,165	49,902,977	49,634,367	99.5	235,160
2019	45,016,214	5,454,619	50,470,833	50,156,746	99.4	168,022
2020	57,880,683	5,318,499	63,199,182	62,846,807	99.4	199,992
2021	56,028,327	6,658,724	62,687,051	62,274,290	99.3	259,465
2022	57,128,390	6,590,988	63,719,378	63,315,865	99.4	—
2023	54,658,100	6,391,369	61,049,469	27,754,104	45.5	—

Note 1: Delinquent taxes are written off after seven years.

Note 2: Collections for the most recent year are first half collections (through June 30) only.

Source: State of Minnesota School Tax Report

Total to Date			Uncollected Taxes Receivable as of June 30, 2023					
			Delinquent			Current		
Amount	Percentage of Levy		Amount	Percent		Amount	Percent	
\$ 41,670,691	100.0 %		\$ —	— %		\$ —	— %	
43,281,768	100.0		—	—		—	—	
44,167,386	100.0		—	—		—	—	
44,845,311	99.9		24,782	—		—	—	
49,869,527	99.9		33,450	0.1		—	—	
50,324,768	99.7		146,065	0.3		—	—	
63,046,799	99.8		152,383	0.2		—	—	
62,533,755	99.8		153,296	0.2		—	—	
63,315,865	99.4		403,513	0.6		—	—	
27,754,104	45.5		—	—		33,295,365	54.5	
			<u>\$ 913,489</u>			<u>\$ 33,295,365</u>		

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INDEPENDENT SCHOOL DISTRICT NO. 621

Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities						Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Premium (Discount) on Bonds	Finance Purchase Payable	Lease Liability	Technology Subscription Liability	Total Primary Government		
2014	\$ 109,550,000	\$ 388,347	\$ —	\$ —	\$ —	\$ 109,938,347	2.74 %	\$ 1,287
2015	118,030,000	1,064,690	—	—	—	119,094,690	2.83	1,380
2016	108,810,000	925,424	—	—	—	109,735,424	2.49	1,259
2017	99,335,000	793,619	5,514,300	—	—	105,642,919	2.27	1,200
2018	246,135,000	9,060,512	5,323,620	—	—	260,519,132	5.52	2,930
2019	218,790,000	8,613,548	5,123,626	—	—	232,527,174	4.50	2,590
2020	206,185,000	9,946,289	4,917,079	—	—	221,048,368	4.08	2,437
2021	195,570,000	9,142,683	4,703,765	—	—	209,416,448	3.72	2,286
2022	184,390,000	8,339,077	4,483,462	1,606,384	—	198,818,923	4.79	2,525
2023	172,370,000	7,529,390	4,255,941	1,656,925	178,712	185,990,968	3.83	2,395

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

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

INDEPENDENT SCHOOL DISTRICT NO. 621

Ratio of Net General Obligation Bonded Debt
to Tax Capacity and Net General Obligation Bonded Debt per Capita
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Gross Bonded Debt</u>	<u>Less Debt Service Funds on Hand</u>	<u>Net Bonded Debt</u>	<u>Tax Capacity</u>	<u>Percent of Net Debt to Tax Capacity</u>
2014	\$ 109,938,347	\$ 1,812,004	\$ 108,126,343	\$ 79,190,078	136.54 %
2015	119,094,690	19,742,100	99,352,590	85,470,145	116.24
2016	109,735,424	19,790,965	89,944,459	89,471,899	100.53
2017	100,128,619	19,352,348	80,776,271	95,875,993	84.25
2018	255,195,512	19,196,794	235,998,718	103,442,520	228.14
2019	227,403,548	2,462,948	224,940,600	110,865,152	202.90
2020	216,131,289	2,264,238	213,867,051	118,201,358	180.93
2021	204,712,683	2,087,668	202,625,015	126,655,522	159.98
2022	192,729,077	2,937,315	189,791,762	129,337,087	146.74
2023	179,899,390	3,938,708	175,960,682	146,334,909	120.25

(1) See the Schedule of Tax Capacities and Estimated Market Values for market value data.

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

Estimated Population	Net Bonded Debt per Capita	Percent of Net Debt to Estimated Market Value (1)
85,436	\$ 1,266	1.43 %
86,290	1,151	1.24
87,153	1,032	1.08
88,025	918	0.92
88,905	2,654	2.53
89,794	2,505	2.26
90,692	2,358	2.01
91,599	2,212	1.79
78,732	2,411	1.63
77,663	2,266	1.33

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INDEPENDENT SCHOOL DISTRICT NO. 621

Direct and Overlapping Debt
June 30, 2023

Governmental Unit	Gross Bonded Debt Outstanding (1)	Percent Allocable to ISD No. 621 (2)	Portion Allocable to ISD No. 621
Direct debt			
Independent School District No. 621	\$ 179,899,390	100.00 %	\$ 179,899,390
Overlapping debt			
City of Mounds View	5,335,550	100.00	5,335,550
City of New Brighton	40,102,842	91.82	36,822,430
City of Roseville	14,908,021	16.51	2,461,314
City of Shoreview	28,814,043	92.98	26,791,297
City of Vadnais Heights	5,115,000	11.92	609,708
Northeast Metropolitan Intermediate School District No. 916	71,500,000	15.10	10,796,500
Ramsey County	201,836,422	18.15	36,633,311
White Bear Township	12,740,000	0.14	17,836
Special districts			
Metropolitan Council	1,717,186,171	2.91	49,970,118
Total overlapping debt			<u>169,438,063</u>
Total direct and overlapping debt			<u>\$ 349,337,453</u>

(1) Excludes tax and aid anticipation debt, revenue debt, and general obligation debt supported by revenue.

(2) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping entity's taxable assessed value that is within the District's boundaries and dividing it by the overlapping government's total taxable assessed value.

Source: Ramsey County

INDEPENDENT SCHOOL DISTRICT NO. 621

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2014	2015	2016	2017
Debt limit	\$ 1,133,279,775	\$ 1,206,396,690	\$ 1,243,839,720	\$ 1,312,878,645
Total net debt applicable to the limit	107,737,996	98,287,900	89,019,035	79,982,652
Legal debt margin	<u>\$ 1,025,541,779</u>	<u>\$ 1,108,108,790</u>	<u>\$ 1,154,820,685</u>	<u>\$ 1,232,895,993</u>
Total net debt applicable to the limit as a percentage of debt limit	9.51%	8.15%	7.16%	6.09%

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

Source: Ramsey County

2018	2019	2020	2021	2022	2023
\$ 1,401,557,100	\$ 1,495,755,225	\$ 1,596,257,175	\$ 1,694,563,575	\$ 1,745,446,110	\$ 1,977,501,541
226,938,206	216,327,052	203,920,762	193,482,332	181,452,685	168,431,292
<u>\$ 1,174,618,894</u>	<u>\$ 1,279,428,173</u>	<u>\$ 1,392,336,413</u>	<u>\$ 1,501,081,243</u>	<u>\$ 1,563,993,425</u>	<u>\$ 1,809,070,249</u>
16.19%	14.46%	12.77%	11.42%	10.40%	8.52%

Legal Debt Margin Calculation for Fiscal Year 2023

Market value	\$ 13,183,343,608
Debt limit (15% of market value)	1,977,501,541
Debt applicable to the limit	
General obligation bonds	172,370,000
Less amount set aside for repayment of general obligation debt	<u>(3,938,708)</u>
Total net debt applicable to the limit	<u>168,431,292</u>
Legal debt margin	<u>\$ 1,809,070,249</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Estimated Population (1)</u>	<u>Personal Income (1)</u>	<u>Per Capita Personal Income (1)</u>	<u>Unemployment Rate (1)</u>	<u>School Enrollment (2)</u>
2014	85,436	\$ 4,017,110,582	\$ 47,019	4.8 %	10,521.38
2015	86,290	4,203,284,806	48,711	3.8	10,762.47
2016	87,153	4,404,807,940	50,541	3.8	11,145.74
2017	88,025	4,654,399,126	52,876	3.7	11,297.21
2018	88,905	4,715,790,259	53,043	3.0	11,389.34
2019	89,794	5,164,507,353	57,515	3.4	11,656.29
2020	90,692	5,412,772,760	59,683	10.1	11,725.84
2021	91,599	5,636,999,749	61,540	5.2	11,507.47
2022	78,732	4,154,687,640	52,770	4.5	11,478.21
2023	77,663	4,861,237,822	62,594	2.3	11,407.47

Note: Student enrollment numbers are estimated for the most recent fiscal year.

Sources:

- (1) Ramsey County Annual Comprehensive Financial Report for 2014–2021 and Minnesota State Demographic Center for 2022–2023
- (2) The District’s Finance Department

INDEPENDENT SCHOOL DISTRICT NO. 621

Principal Employers
as of June 30, 2023 and 2014

Employer	2023		2014	
	Employees	Rank	Employees	Rank
Medtronic, Inc. (both Shoreview and Mounds View)	4,200	1	3,356	1
Boston Scientific	3,250	2	2,400	2
Independent School District No. 621	1,648	3	1,457	3
Land O' Lakes, Inc.	1,500	4	800	6
University of Northwestern	1,250	5	—	—
Wells Fargo	1,200	6	1,200	4
Bethel University	1,000	7	970	5
API Group	904	8	430	9
H.B. Fuller Company	600	9	430	9
Cummins Power Generation	600	9	600	8
Medtox Laboratory, Inc.	—	—	633	7
Total	16,152		12,276	

Note: Total employment in the District's boundaries was not readily available.

Source: Cities of Arden Hills, Mounds View, New Brighton, North Oaks, Shoreview, and Vadnais Heights

INDEPENDENT SCHOOL DISTRICT NO. 621

Employees by Classification
Last Ten Fiscal Years

Employees (1)	Fiscal Year			
	2014	2015	2016	2017
District directors/superintendent	8	8	8	10
Principals	17	18	23	25
Teachers (2)	823	881	884	892
Managers, coordinators, supervisors, specialists, and technical support	73	79	83	83
Paraprofessionals	362	402	402	390
Food service	75	83	78	77
Custodians	68	70	72	72
Clerical	49	51	54	51
Community education and Laurentian Environmental Center	13	17	14	11
Total	1,488	1,609	1,618	1,611

(1) This schedule is a headcount based on a contract group. Full-time and part-time employees count the same.

(2) Includes nurses, social workers, psychologists, speech pathologists, occupational therapists, physical therapists, adult basic education, early childhood family education, and learning resource teachers.

Source: The District's Human Resource Department

2018	2019	2020	2021	2022	2023
11	14	15	15	15	15
24	24	26	25	25	27
893	919	904	908	892	879
86	86	102	81	106	97
394	412	401	412	420	418
75	80	73	76	81	84
76	72	76	74	74	71
55	56	52	55	63	54
7	7	1	11	5	3
1,621	1,670	1,650	1,657	1,681	1,648

INDEPENDENT SCHOOL DISTRICT NO. 621

Operating Indicators
Standardized Testing and Graduation Rates
Last Ten Fiscal Years

	Fiscal Year				
	2014	2015	2016	2017	2018
Standardized tests					
MCA reading (1)					
Grade 3	69.20 %	65.80 %	67.30 %	64.70 %	66.10 %
Grade 5	76.20	74.10	75.70	73.80	75.30
Grade 7	66.10	67.40	70.50	67.80	69.70
Grade 10	69.70	70.70	70.80	70.20	63.10
MCA math (1)					
Grade 3	78.90	76.20	78.00	74.00	76.30
Grade 5	69.70	66.40	67.00	63.80	66.10
Grade 7	66.70	69.60	71.80	70.30	69.40
Grade 11	65.10 (3)	63.40	62.40	62.90	58.80
ACT					
Average composite score	23.50 (2)	23.50 (2)	23.20 (2)	23.50 (2)	23.60 (2)
Graduation data					
ISD No. 621 graduation rate	88.50	89.10	90.90	91.20	91.10
State graduation rate	79.80	81.20	81.90	82.20	82.70

N/A – Not Available

- (1) Percentage of students scoring at or above proficiency on the MCA Test (level 3 or higher).
- (2) ACT administered to all students.
- (3) New version of MCA III introduced in 2014.
- (4) 2020 – Minnesota granted testing waiver based on COVID-19.
- (5) 2021 participant rates were below 95 percent.
- (6) 2022 participant rates for Grade 11 math were 49.4 percent.

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

					State Average
2019	2020 (4)	2021 (5)	2022 (6)	2023	2023
62.40 %	N/A %	62.70 %	53.40 %	50.80 %	47.10 %
70.60	N/A	65.60	64.90	68.50	58.70
67.50	N/A	61.00	57.60	53.30	45.10
64.60	N/A	69.40	65.60	60.90	51.50
76.00	N/A	68.80	66.00	64.80	59.00
61.40	N/A	59.60	52.90	56.40	44.30
67.20	N/A	51.30	45.20	49.50	39.70
55.60	N/A	59.10	47.70	57.70	35.90
23.40 (2)	22.80 (2)	23.60	21.90	21.90	20.80
90.40	92.40	92.40	92.20	90.60	N/A
83.20	83.77	83.77	83.30	83.60	N/A

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INDEPENDENT SCHOOL DISTRICT NO. 621

School Facilities
as of June 30, 2023

Facility	Original Year Constructed	Use	Grades/Programs Housed	Square Footage
Bel Air Elementary	1966	School	Kindergarten–Grade 5	93,406
Island Lake Elementary	1956	School	Kindergarten–Grade 5	98,587
Pinewood Elementary	1955	School	Kindergarten–Grade 5	87,189
Sunnyside Elementary	1950	School	Kindergarten–Grade 5	83,603
Turtle Lake Elementary	1958	School	Kindergarten–Grade 5	126,552
Valentine Hills Elementary	1968	School	Kindergarten–Grade 5	86,615
Chippewa Middle School	1973	School	Grades 6–8	194,499
Edgewood Middle School	1957	School	Grades 6–8	183,554
Highview Middle School	1967	School	Grades 6–8	170,112
Irondale High School	1965	School	Grades 9–12	362,686
Mounds View High School	1952	School	Grades 9–12	407,964
Early Childhood Education Center	1990	Multi-purpose	Early Childhood	20,028
Pike Lake Education Center	1962	Multi-purpose	Kindergarten Center/ early childhood programs	85,236
Snail Lake Education Center	1952	Multi-purpose	Kindergarten Center/ early childhood programs	82,054
District Center	1992	Multi-purpose	District offices/ community education	28,462

Source: The District's Finance Department

INDEPENDENT SCHOOL DISTRICT NO. 621

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

	Fiscal Year				
	2014	2015	2016	2017	2018
Administration	\$ 472	\$ 508	\$ 540	\$ 530	\$ 555
District support services	282	320	332	348	348
Elementary and secondary regular instruction	5,397	5,870	5,779	5,774	5,878
Vocational education instruction	183	180	157	175	224
Special education instruction	2,376	2,535	2,568	2,349	2,389
Instructional support services	673	714	783	828	846
Pupil support services	1,102	1,290	1,307	1,327	1,400
Sites and buildings	1,254	1,421	1,213	2,062	1,694
Fiscal and other fixed cost programs	37	40	20	25	23
Food service	487	504	511	506	506
Community service	504	451	449	464	561
Capital outlay	328	346	357	27	294
Debt service	1,440	1,257	1,221	1,223	1,279
Total expenditures	<u>\$ 14,533</u>	<u>\$ 15,435</u>	<u>\$ 15,237</u>	<u>\$ 15,639</u>	<u>\$ 15,997</u>
Average daily membership	<u>10,521</u>	<u>10,762</u>	<u>11,146</u>	<u>11,297</u>	<u>11,389</u>

Note: Includes all governmental fund expenditures.

Source: Minnesota Department of Education student reporting system

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 578	\$ 570	\$ 589	\$ 609	\$ 620
341	351	456	510	590
5,938	5,959	6,234	6,305	6,377
196	194	193	172	183
2,307	2,415	2,343	2,629	2,767
837	924	984	1,034	1,227
1,491	1,588	1,477	1,848	1,880
1,651	1,588	1,679	1,883	1,652
23	33	49	60	66
501	467	414	589	538
603	606	383	524	665
2,073	8,613	2,792	149	587
<u>1,707</u>	<u>1,664</u>	<u>1,659</u>	<u>1,745</u>	<u>1,798</u>
<u>\$ 18,245</u>	<u>\$ 24,972</u>	<u>\$ 19,251</u>	<u>\$ 18,057</u>	<u>\$ 18,950</u>
<u>11,656</u>	<u>11,726</u>	<u>11,507</u>	<u>11,478</u>	<u>11,407</u>

INDEPENDENT SCHOOL DISTRICT NO. 621

Demographic Statistics – Student Enrollment
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM) (for Students Served and Tuition Paid)					Total Pupil Units
	Handicapped and Pre-Kindergarten	Kindergarten	Elementary	Secondary	Total	
2014	140.73	732.08	4,644.81	5,003.76	10,521.38	12,170.10
2015	167.93	728.49	4,788.23	5,077.82	10,762.47	11,768.81
2016	183.14	723.55	5,008.01	5,231.04	11,145.74	12,189.62
2017	194.40	753.19	5,049.79	5,299.83	11,297.21	12,350.88
2018	207.02	761.03	5,131.03	5,290.26	11,389.34	12,446.64
2019	261.15	777.06	5,244.17	5,373.91	11,656.29	12,731.08
2020	275.45	763.19	5,301.42	5,385.78	11,725.84	12,803.02
2021	223.56	731.86	5,113.30	5,438.75	11,507.47	12,595.21
2022	247.74	710.18	5,064.25	5,456.04	11,478.21	12,569.41
2023	267.71	691.44	5,093.27	5,355.05	11,407.47	12,478.48

Note 1: Student enrollment numbers are estimated for the most recent fiscal year.

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

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

Source: Minnesota Department of Education student reporting system

INDEPENDENT SCHOOL DISTRICT NO. 621

Food Service Meals Served and Pricing
Last Ten Fiscal Years

Year Ended June 30,	Lunches Served to Students				Lunches Served to Adults
	Regular Priced Lunches	Reduced-Price Lunches	Free Lunches	Total	
2014	600,482	81,015	363,590	1,045,087	29,379
2015	641,759	90,714	386,997	1,119,470	30,101
2016	665,291	106,120	382,128	1,153,539	29,804
2017	674,980	109,053	377,482	1,161,515	30,010
2018	667,555	121,083	352,874	1,141,512	28,956
2019	664,517	122,251	321,340	1,108,108	28,831
2020 (1)	490,791	86,875	325,362	903,028	21,714
2021 (2)	—	—	1,021,233	1,021,233	12,076
2022 (3)	—	—	1,249,628	1,249,628	24,239
2023 (4)	701,195	87,084	365,176	1,153,455	26,545

Year Ended June 30,	Student Regular Lunch Prices			
	Regular Priced Lunches		Reduced-Price Lunches	Adult Lunches
	Elementary	Secondary		
2014	\$ 2.45	\$ 2.70	\$ 0.40	\$ 3.60
2015	2.45	2.70	— *	3.60
2016	2.45	2.70	— *	3.60
2017	2.55	2.80	— *	3.60
2018	2.55	2.80	— *	3.85
2019	2.55	2.80	— *	4.00
2020	2.55	2.80	— *	4.00
2021	—	—	— *	4.00
2022	—	—	— *	4.00
2023	2.70	2.95	— *	4.95

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

- (1) In 2020, regular and reduced-price lunches decreased, due to the COVID-19 school closure. Free lunches include curbside pick-up.
- (2) In 2021, all students received free lunch, due to COVID-19.
- (3) In 2022, all students received free lunch, due to COVID-19.
- (4) In 2023, returned to regular and reduced-price lunches.

Source: The District's Nutrition Service Department

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