

**INDEPENDENT SCHOOL
DISTRICT #624**



**SCHOOL BOARD
WORK SESSION
PACKET**

January 22, 2024

Independent School District No. 624

MISSION STATEMENT

The mission of the White Bear Lake Area School District, the community at the forefront of educational excellence, honoring our legacy and courageously building the future, is to ensure each student realizes their unique talents and abilities, and makes meaningful contributions with local and global impact through a vital system distinguished by:

- *Students who design and create their own future*
- *A culture that respects diverse people and ideas*
- *Safe, nurturing and inspiring experiences*
- *Exceptional staff and families committed to student success*
- *Abundant and engaged community partners*

**INDEPENDENT SCHOOL DISTRICT NO. 624
WHITE BEAR LAKE, MN 55110**

To: Members of the School Board

From: Dr. Wayne A. Kazmierczak
Superintendent of Schools

Date: January 17, 2024

A work session of the White Bear Lake Area School Board will be held on **Monday, January 22, 2024**, at 5:30 p.m. in Room 112 at District Center, 4855 Bloom Avenue, White Bear Lake, MN.

WORK SESSION AGENDA

A. PROCEDURAL ITEMS

1. Call to Order
2. Roll Call

B. DISCUSSION ITEMS

1. FY23 Annual Audit Report
2. Update on 2024-25 Transition of White Bear Lake Area High School
3. Overview of FY24 Revised Budget and FY25 Projected Budget

C. OPERATIONAL ITEMS

1. Action on FY23 Annual Audit Report

D. NEGOTIATIONS*

E. ADJOURNMENT

**This portion of the meeting may be closed to consider strategy for labor negotiations, including negotiation strategies or developments or discussion and review of labor negotiation proposals, conducted pursuant to Minn. Stat. 179A.01 to 179A.25.*

B. DISCUSSION ITEMS

AGENDA ITEM: **FY23 Annual Audit Report**

MEETING DATE: **January 22, 2024**

SUGGESTED DISPOSITION: **Discussion Item**

CONTACT PERSON(S): **Tim Wald, Assistant Superintendent for**
Finance and Operations;
Andi Johnson, Director of Finance

BACKGROUND:

Mr. Jim Eichten from the District's auditing firm of Malloy, Montague, Karnowski, Radosevich and Co., P.A. (MMKR), will be in attendance at the January 22, 2024 School Board work session to present the fiscal year 2022-23 audit report.

INDEPENDENT SCHOOL DISTRICT NO. 624 WHITE BEAR LAKE, MINNESOTA

Audit Report
Year Ended June 30, 2023



AUDITOR'S ROLE

- Opinion on Financial Statements
 - District Audit
- Internal Controls and Compliance
 - Financial Statement Audit
 - Single Audit of Federal Awards
 - State Laws and Regulations

■ Opinion on Basic Financial Statements

- Unmodified (Clean) Opinion
- Implementation of Governmental Accounting Standards Board (GASB) Statement #96 – Subscription-Based Information Technology Arrangements

■ Internal Control and Compliance Reports over Financial Reporting

- No Findings

■ MN Legal Compliance Audit

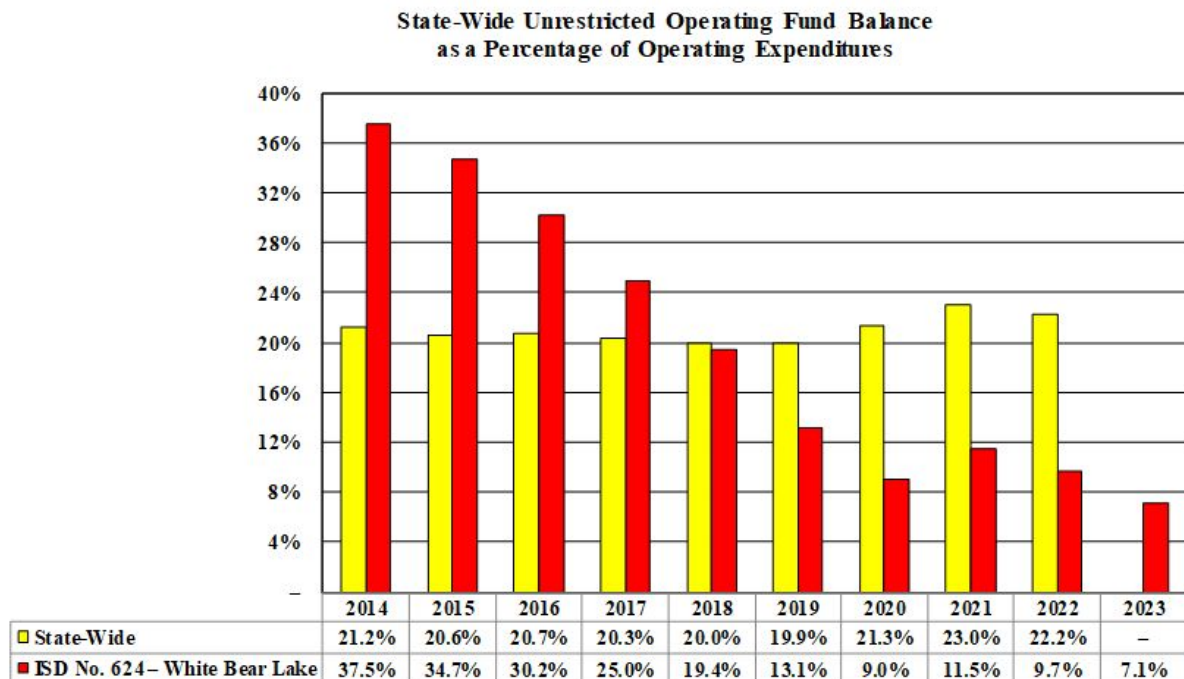
- Insufficient Collateral
- Published Notice in Official Newspaper

■ Single Audit of Federal Awards

- Results Communicated Separately

- Follow-Up on Prior Year Findings
 - Not a Current Year Finding
 - Investments Not Authorized in Minnesota Statutes

STATE-WIDE FUND BALANCE



REVENUE PER ADM SERVED

Governmental Funds Revenue per Student (ADM) Served

	State-Wide		Metro Area		ISD No. 624 – White Bear Lake		
	2021	2022	2021	2022	2021	2022	2023
General Fund							
Property taxes	\$ 2,576	\$ 2,645	\$ 3,411	\$ 3,506	\$ 3,410	\$ 3,805	\$ 3,935
Other local sources	438	571	323	446	335	389	420
State	10,514	10,504	10,517	10,536	10,035	10,350	10,522
Federal	992	1,335	956	1,397	1,005	1,102	711
Total General Fund	14,520	15,055	15,207	15,885	14,785	15,646	15,588
Special revenue funds							
Food Service	576	803	568	770	637	838	632
Community Service	612	731	684	836	766	858	878
Debt Service Fund	1,512	1,508	1,549	1,537	2,003	2,904	2,854
Total revenue	\$ 17,220	\$ 18,097	\$ 18,008	\$ 19,028	\$ 18,191	\$ 20,246	\$ 19,952
ADM served per MDE School District Profiles Report (current year estimated)					<u>8,474</u>	<u>8,345</u>	<u>8,354</u>

Note: Excludes the Capital Projects – Building Construction and Post-Employment Benefits Debt Service Funds.

Source of state-wide and metro area data: School District Profiles Report published by the MDE

EXPENDITURES PER ADM SERVED

Governmental Funds Expenditures per Student (ADM) Served

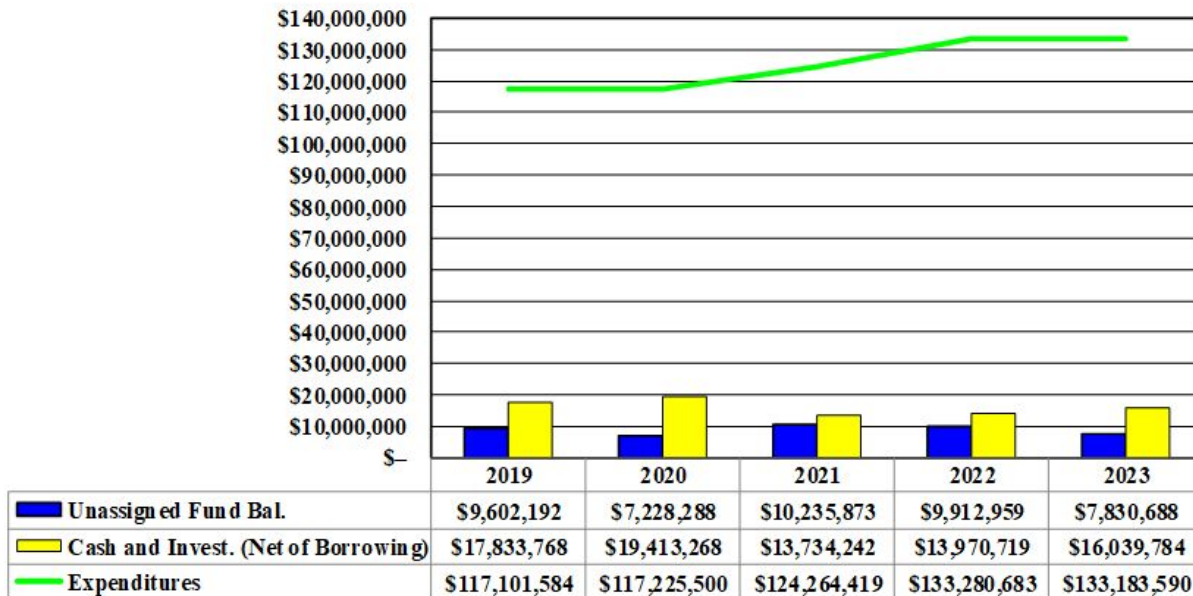
	State-Wide		Metro Area		ISD No. 624 – White Bear Lake		
	2021	2022	2021	2022	2021	2022	2023
General Fund							
Administration and district support	\$ 1,184	\$ 1,249	\$ 1,205	\$ 1,300	\$ 819	\$ 890	\$ 917
Elementary and secondary regular instruction	6,198	6,494	6,527	6,838	6,550	6,493	6,454
Vocational education instruction	197	210	179	191	130	147	208
Special education instruction	2,626	2,724	2,792	2,883	3,064	3,188	3,347
Community service	—	—	—	—	—	22	38
Instructional support services	812	816	917	939	789	1,250	1,080
Pupil support services	1,228	1,429	1,285	1,558	1,488	1,797	1,758
Sites, buildings, and other	1,083	1,113	1,052	1,076	1,610	2,088	1,869
Total General Fund – noncapital	13,328	14,035	13,957	14,785	14,450	15,875	15,671
General Fund capital expenditures	793	876	815	897	214	97	271
Total General Fund	14,121	14,911	14,772	15,682	14,664	15,972	15,942
Special revenue funds							
Food Service	532	670	522	659	540	636	735
Community Service	610	689	682	774	755	873	979
Debt Service Fund	1,576	1,599	1,609	1,561	1,936	2,820	2,947
Total expenditures	\$ 16,839	\$ 17,869	\$ 17,585	\$ 18,676	\$ 17,895	\$ 20,301	\$ 20,603
ADM served per MDE School District Profiles Report (current year estimated)					<u>8,474</u>	<u>8,345</u>	<u>8,354</u>

Note: Excludes the Capital Projects – Building Construction and Post-Employment Benefits Debt Service Funds.

Source of state-wide and metro area data: School District Profiles Report published by the MDE

GENERAL FUND FINANCIAL POSITION

General Fund Financial Position
Year Ended June 30,

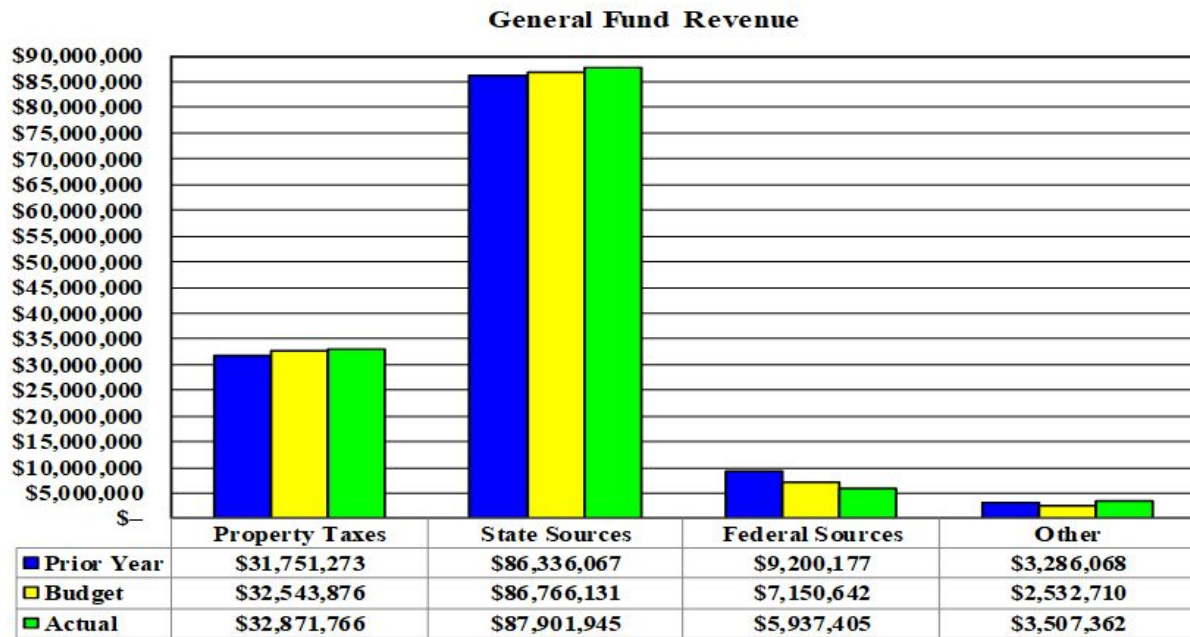


GENERAL FUND FINANCIAL POSITION

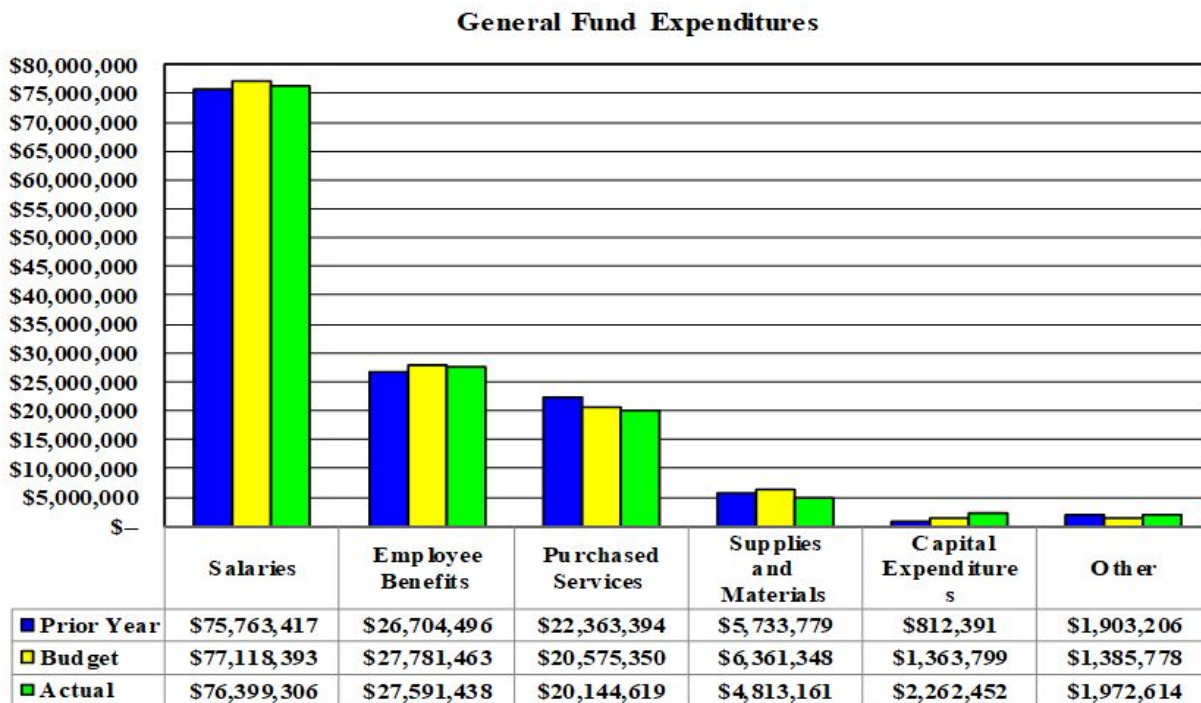
	Year Ended June 30,				
	2019	2020	2021	2022	2023
Nonspendable fund balances	\$ 407,677	\$ 14,573	\$ 62,849	\$ 712,804	\$ 44,626
Restricted fund balances (1)	3,723,893	6,540,545	4,505,782	3,530,300	3,366,230
Unrestricted fund balances					
Assigned	3,344,748	2,000,000	2,000,000	—	—
Unassigned	9,602,192	7,228,288	10,235,873	9,912,959	7,830,688
Total fund balance	\$ 17,078,510	\$ 15,783,406	\$ 16,804,504	\$ 14,156,063	\$ 11,241,544
Unassigned fund balances as a percentage of expenditures	8.3%	6.2%	8.2%	7.4%	5.9%

(1) Includes deficits in restricted fund balance accounts allowed to accumulate deficits under UFARS, which are part of unassigned fund balance on the accounting principles generally accepted in the United States of America-based financial statements.

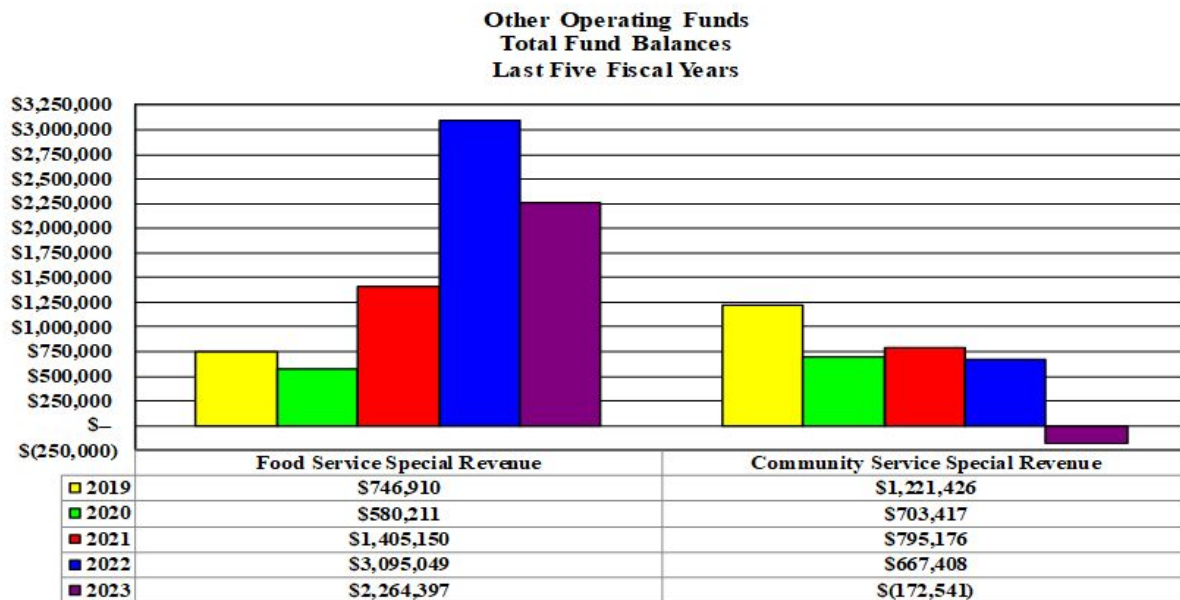
GENERAL FUND REVENUE



GENERAL FUND EXPENDITURES



OTHER GOVERNMENTAL FUNDS



SELF-INSURED HEALTH BENEFITS FUND

	2019	2020	2021	2022	2023
Operating revenue					
Contributions from governmental funds	\$ 15,153,666	\$ 15,247,335	\$ 15,124,354	\$ 15,098,324	\$ 14,953,701
Operating expenses					
Self-insured benefits	13,849,119	13,561,064	13,755,394	14,772,569	15,525,864
Operating income (loss)	1,304,547	1,686,271	1,368,960	325,755	(572,163)
Nonoperating revenue					
Investment earnings	46,732	42,814	2,786	4,927	96,402
Income (loss) before transfers	1,351,279	1,729,085	1,371,746	330,682	(475,761)
Transfers (out)	—	—	—	(146,186)	—
Change in net position	1,351,279	1,729,085	1,371,746	184,496	(475,761)
Net position					
Beginning of year	(174,765)	1,176,514	2,905,599	4,277,345	4,461,841
End of year	<u>\$ 1,176,514</u>	<u>\$ 2,905,599</u>	<u>\$ 4,277,345</u>	<u>\$ 4,461,841</u>	<u>\$ 3,986,080</u>

- Capital Projects – Building Construction Fund
- Debt Service Fund
- Self-Insured Dental Benefits Internal Service Fund
- Custodial Fund
- OPEB Trust Fiduciary Fund

- Unmodified (Clean) Opinion on District's Financial Statements
- Implementation of GASB Statement on SBITA's
- Certificate of Achievement for Excellence in Financial Reporting
- Two Findings Reported
- General Fund Balance Below District's Fund Balance Policy
- Financial Results Reflect Adherence to Budget
- District Committed to Audit Process

ANNUAL COMPREHENSIVE FINANCIAL REPORT



WHITE BEAR LAKE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 624
WHITE BEAR LAKE, MINNESOTA
FOR THE YEAR ENDED JUNE 30, 2023

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

INDEPENDENT SCHOOL DISTRICT NO. 624
WHITE BEAR LAKE, MINNESOTA

4855 Bloom Avenue
White Bear Lake, MN 55110

Prepared by:
Business Office

Assistant Superintendent for Finance and Operations
Tim Wald

Director of Finance
Andi Johnson, CPA

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INTRODUCTORY SECTION



White Bear Lake Area Public Schools Independent School District 624

FINANCE DEPARTMENT

4855 BLOOM AVE
WHITE BEAR LAKE, MN 55110
(651) 407-7518 FAX (651) 407-7521

January 4, 2024

To the Board of Education, Citizens, and Employees of Independent School District No. 624:

The Annual Comprehensive Financial Report (ACFR) of Independent School District No. 624, White Bear Lake, Minnesota (the District) for the fiscal year ended June 30, 2023, is submitted herewith. The audit report was completed on January 4, 2024, and the report was subsequently issued. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District. We believe the data, as presented, is accurate in all material aspects; is presented in a manner designed to fairly set forth the financial position and results of operations of the District as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial status have been incorporated within this report.

The ACFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the District's organizational chart, a list of principal officials, and the Certificates of Achievement for Excellence in Financial Reporting. The financial section includes the management's discussion and analysis (MD&A), basic financial statements, required supplementary information, and combining and individual fund statements and schedules presented as supplementary information, as well as the independent auditor's report on the financial statements. The statistical section includes a number of tables of unaudited data depicting the financial history of the District for the past 10 years, demographics, and other miscellaneous information.

The District is required to undergo an annual Single Audit as required by the U.S. Office of Management and Budget's Uniform Guidance. Information related to this Single Audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and independent auditor's reports on internal controls and compliance with applicable laws and regulations, are included in a separate report. 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 MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

The Reporting Entity and Its Services

In January 1857, James F. Murray and other White Bear Lake settlers decided to establish their own school district. Upon approval from the county for this new district, Murray donated property along Bald Eagle Lake for a new school. At a cost of \$100, and with the help of community labor, the first schoolhouse in White Bear Lake was opened in 1857, a year before Minnesota became the 32nd state in the Union.

The District, which is located about 15 miles northeast of St. Paul, Minnesota, the state capital, was officially formed in its current structure through legislative action in 1957. The governing body consists of a seven-member Board of Education elected from within the District's boundaries. The District serves about 8,297 students in pre-kindergarten through Grade 12. Geographically, the District's boundaries include portions of Anoka, Ramsey, and Washington counties, and serves all or part of the following municipalities: Birchwood, Gem Lake, Hugo, Lino Lakes, Little Canada, North Oaks, Vadnais Heights, White Bear Lake, and White Bear Township.

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

During 2022–2023, the District operated 22 buildings. A list of school facilities as of June 30, 2023 is included in the statistical section of this report.

Based on legislative authority, the Board of Education:

- a. has the corporate power to sue and be sued in all courts;
- b. has the power to levy and collect taxes and to issue bonds;
- c. can contract for appointed administrators, teachers, and other personnel as well as for goods and services;
- d. holds title to all district property; and
- e. appoints the treasurer who serves as legal custodian of all of the District's funds.

The mission of the White Bear Lake Area School District, the community at the forefront of educational excellence, honoring our legacy and courageously building the future, is to ensure each student realizes their unique talents and abilities, and makes meaningful contributions with local and global impact through a vital system distinguished by:

- Students who design and create their own future
- A culture that respects diverse people and ideas
- Safe, nurturing and inspiring experiences
- Exceptional staff and families committed to student success
- Abundant and engaged community partners

The District has adopted the following equity commitment: to nurture the whole student, we disrupt systemic inequities by recognizing, honoring, and embracing all cultures with humility and respect. The District has adopted a 4-way equity decision making protocol:

1. How does this help to provide opportunities to students who have been marginalized within the system in the past?
2. How does this help to ensure equitable access for all?

3. How does this help to eliminate barriers based on race/ethnicity, gender, disability, age, or other protected groups?
4. How does this ensure that the same rigorous standards for academic performance exist for all students?

The District enjoys the atmosphere of a close-knit community and the learning opportunities of a major metropolitan center. The District is proud of its reputation for excellence in every part of a student's career and of its teacher training. In comparison with other school districts in the state, the District ranks high in its educational programs and scholastic abilities of its graduates. Because of the foresight of its early settlers, the District has one of the finest educational systems in the state.

Economic Conditions

The various communities that comprise the District participate in the deep and diverse Twin Cities metropolitan area economy and enjoy strong market value growth [Source: Standard & Poor's (S&P)]. The communities are all committed to careful planning and thoughtful community renewal, range from partially to nearly fully developed, and are diverse and independent. After declining for several years as a result of the Great Recession, the market value of property within the District has increased over the past several years, to an estimated current value of \$10.7 billion. The U.S. Census Bureau estimated that as of 2020, the District had approximately 65,587 residents. Like many districts across the nation, the COVID-19 pandemic had caused a drop in enrollment over the last two years but the District saw stability in enrollment during the 2022–2023 school year. Considering the strength of the local economy and continued housing development throughout the District, enrollment is anticipated to recover over the next decade.

Current Financial Conditions

The District will continue to closely monitor its General Fund reserve. As of June 30, 2023, the District's unassigned fund balance was \$7.8 million. Adequate fund balances are critical during difficult financial times. For example, in order to mitigate its cash flow problems in years past, the state of Minnesota twice postponed aid payments to school districts. While the vast majority of Minnesota school districts resorted to borrowing funds to ensure an appropriate level of liquidity, the District's fund balance was sufficient so that it did not need to borrow funds to meet its financial obligations and avoided the costs associated with borrowing.

In December 2022, S&P's Rating Services assigned a rating of AA- in association with the issuance of its 2023A General Obligation Facilities Maintenance Bonds. The District's credit rating reflects S&P's opinion that the District's economy should continue to support conditions going forward, supporting stable finances and a stable overall credit profile.

Financial Future of the District

District residents have supported the District as evidenced by recent elections that have resulted in increased resources for the District.

In November 2019, White Bear Lake Area Public Schools voters approved a \$326 million building bond request to address building needs across the district by a 57–43 percent margin. The bond funding will be used to address projected enrollment growth throughout the District; provide safe, secure and healthy learning environments for all students through investments in our aging facilities and infrastructure; increase opportunities for students by creating a single unified Grades 9–12 high school; and create flexibly-designed learning spaces to support student-centered instruction. As a result of the resulting building additions, as well as the construction of a new elementary school to accommodate projected enrollment growth in the north side of the District, the average building age of district facilities will decrease over the next few years.

The majority of the District's financial resources come in the form of state aid. Since 2003, the level of funding provided by the state of Minnesota has not kept pace with inflation, resulting in a growing dependence on local levies to supplement budget shortfalls. The state general education formula allowance has increased from \$4,966 per Adjusted Daily Membership in 2003 to \$7,281 in 2025; had the formula allowance kept pace with inflation, the allowance would be \$8,637 in 2025, which would result in an additional \$11 million of revenue each year for the District.

In November 2022, a capital projects referendum renewal passed by a 60–40 percent margin and will be in effect for 10 years, beginning in taxes payable during 2024, and will provide revenue through the 2033–2034 school year. In November 2017, an operating levy renewal passed by an 80–20 percent margin. This operating levy will be in place through the 2027–2028 school year. These successful elections have brought increased financial stability to the District and will allow for continued efforts to improve and expand program offerings, maintain class sizes, and to make necessary capital investments, such as in the areas of musical instruments, technology, science labs, and curricular materials.

The District has a Finance Committee that reviews pertinent finance-related topics and serves in an advisory capacity to the District's administrative team. The committee is comprised of two Board of Education members, the Superintendent, the Director of Finance, the Controller, and the Assistant Superintendent for Finance and Operations, who serves as the District's Chief Financial Officer.

Financial Reporting Awards

For the 23rd consecutive year, the District has received both the Government Finance Officers Association of the United States and Canada and the Association of School Business Officials International awards for excellence in financial reporting. The Board of Education is proud to have received these awards, which provide evidence to the community, financial institutions, and the general public that the District is committed to sound financial reporting.

Internal Accounting

Minnesota Statutes § 123B.77, which became law in 1976, requires all school districts within the state to comply with the Uniform Financial Accounting and Reporting Standards.

Management of the District is responsible for establishing and maintaining an internal control structure 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. Internal controls are 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.

Single Audit – As a recipient of federal and state financial assistance, the District is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

Budgeting Controls – In addition, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Projected financial plans are adopted for capital expenditures.

The budget for each fund is prepared on the same basis of accounting as the fund financial statements. Each June, the Board of Education adopts an annual budget for the following fiscal year for all governmental funds, except the Capital Projects – Building Construction Fund. This fund relies on bond issue project budgets for budgetary controls. Legal budgetary control is at the fund level. Budgeted appropriations lapse at year-end.

Budgetary control is maintained at line-item levels and built up into program and/or cost centers before being combined to form totals by fund. All actual activity compared to budget is reported to the District's management on a regular basis. This report compares each line-item account balance to the annual budget with accumulation to the cost center, fund, and total district levels. For example, the District maintains an encumbered accounting system as one technique in accomplishing budgetary control. Encumbered amounts lapse at year-end.

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.

Independent Audit – Minnesota Statutes and the District's adopted policy require an annual audit of the books of accounts, financial records, and transactions of all funds of the District. The audit is done by independent certified public accountants selected by the District's Board of Education. This requirement has been complied with and the accountant's report has been included in this report.

Closing Statement – It is the goal of this ACFR to provide the District's management, outside investors, and interested local citizens with a meaningful financial presentation. We hope that all readers of this report will obtain a clear and concise understanding of the District's financial condition as of June 30, 2023.

The preparation of this report on a timely basis could not be accomplished without the efforts of Mandy Harris, our Senior Accountant; Andi Johnson, our Director of Finance; and the dedicated members of the Finance Office who assisted in the closing of the District's financial records and the preparation of this report.

We would like to extend our appreciation to the members of the District's Finance Committee and the Board of Education for their commitment of time and support in planning and conducting the financial matters of the District in a responsible and progressive manner.

Respectfully submitted,



Wayne A. Kazmierczak, Ph.D.
Superintendent of Schools



Timothy Wald
Assistant Superintendent for Finance and Operations

Citizens of the White Bear Lake Area School District

Independent Auditor

School Board

Legal Counsel

Dr. Wayne Kazmierczak
Superintendent

Tim Wald
Assistant Superintendent for
Finance & Operations

Dr. Alison Gillespie
Assistant Superintendent for
Teaching & Learning

Matt Mons
Director of Human Resources
and General Counsel

Marisa Vette
Director of
Communications &
Community Relations

Andi Johnson
Director of Finance

Lisa Ouren
Director of Student
Support Services

Steve Asper
Director of
Technology &
Innovation

Jennifer Babiash
Director of Teaching &
Learning

Brenton Shavers
Director of
Educational Equity &
Achievement

Tim Maurer
Director of
Community Services
& Recreation

Tia Quirk
Communications
Specialist

Bridget Lehn
Director of
Nutrition
Services

Erica Mattice
Controller
Amanda Harris
Senior
Accountant
Stephanie
Wendel
Accountant

Sara Derby
Assistant
Director
Angela Drange
Assistant
Director
Kristen
Johnson
Assistant
Director
Katy Domschot
Coordinator
Dave Thomas
Coordinator

Sara Florin
Assistant
Director
David Allison
Applications,
State Reporting
& Data
Management
Specialist
Peggy Nadeau
Systems &
Applications
Engineer
Chris Hautman
Network
Engineer
Pat Suko
Network &
Communication
Specialist

Principals
Jonathan Luknic
Birch Lake
Cary Krusemark
Lakeaires
Brian Morris
Lincoln
John Leininger
Matoska
Dan Schmidt
North Star
Lori Mosser
Oneka
Cynthia Mueller
Otter Lake
Sara Syir
Vadnais Heights
Matt Menier
Willow Lane
Cathryn Peterson
Central
Christina Pierre
Sunrise Park
Ang Nelson
North
Don Bosch
South
Gretchen Harriman
ALC

Melinda Fierro
Assistant
Director

Ayan Ibrahim
Assistant
Director
Vincent Patton
Am Indian
Education
Program
Coordinator
Briana
Santoscoy
Student, Family
& Community
Engagement
Coordinator
Julie Yang
Ed Equity
Specialist
Nirvana Yang
Ed Equity
Specialist
Syra Yang
Ed Equity
Specialist
Brian White
MTSS
Coordinator

Cindy
Gustafson
Assistant
Director
Kim Lucio
Benefits
Specialist
Karla
Hernandez
Employee
Relations
Specialist
Rachael Staffki
Employee
Relations
Specialist
Angela
Lundblad
Human
Resources
Specialist

Jon Anderson
Adult
Program &
Facilities
Coordinator
Nicole
Oswald
Out of School
Time
Coordinator
Matt Riebow
Youth
Recreation/
Middle School
Sports
Coordinator
Darcy
Rodriguez
Early
Education
Education
Supervisor



Support
Staff

Teachers and
Support
Staff

Level I Field
Technicians

Level II Field
Technicians

Associate Principals
Bob Brewer
Central
Nathaniel Beulah
North
Carrie Barth
South
Ryan Clark
Sunrise Park
Dion Harriman
North
Joseph Held
North
Matthew Young
South

Dean of
Students
Leah Erickson
Otter Lake
Breanna
Peloquin
Central
Lonal Van
Sunrise Park

Teachers and
Support
Staff

Support
Staff

Support
Staff

INDEPENDENT SCHOOL DISTRICT NO. 624

Principal Officials
as of June 30, 2023

BOARD OF EDUCATION

	<u>Term Expires</u>	<u>Position</u>
Jessica Ellison	December 31, 2026	Chairperson
Scott Arcand	December 31, 2024	Vice Chairperson
Deborah Beloyed	December 31, 2026	Treasurer
Angela Thompson	December 31, 2024	Clerk
Kathleen Daniels	December 31, 2026	Member
Margaret Newmaster	December 31, 2024	Member
Christina Streiff Oji	December 31, 2026	Member

ADMINISTRATION OFFICIALS

Wayne Kazmierczak, Ph.D.	Superintendent of Schools
Tim Wald	Assistant Superintendent for Finance and Operations
Alison Gillespie, Ph.D.	Assistant Superintendent for Teaching and Learning
Matthew Mons	Director of Human Resources and General Counsel
Marisa Vette	Director of Communications and Community Relations
Timothy Maurer	Director of Community Services and Recreation
Lisa Ouren	Director of Student Support Services
Steve Asper	Director of Technology and Innovation
Jennifer Babiash	Director of Curriculum and Instruction
Andi Johnson	Director of Finance
Brenton Shavers	Director of Educational Equity and Achievement



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**White Bear Lake Area Schools
Independent School District #624
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

**White Bear Lake Area Schools
Independent School District 624**

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

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FINANCIAL SECTION



PRINCIPALS

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Education and Management of
Independent School District No. 624
White Bear Lake, 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. 624 (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.

SUPPLEMENTARY INFORMATION

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying 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 January 16, 2023. 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 January 4, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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
January 4, 2024

INDEPENDENT SCHOOL DISTRICT NO. 624

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

This section of Independent School District No. 624's (the District) Annual Comprehensive Financial Report (ACFR) presents management's discussion and analysis (MD&A) 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. The MD&A is a narrative overview and analysis presented as required supplementary information.

FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows of resources were less than its liabilities and deferred inflows of resources at June 30, 2023 by \$14,028,259 (net position deficit). The District's total net position increased by \$27,671,238 during the fiscal year ended June 30, 2023. The decline in the fund balance in the General Fund and the decline in net position of the District's Internal Service Fund was offset by the change in the District's share of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans, which contributed to the increase in unrestricted net position in the current year.
- The District's net investment in capital assets increased \$15,891,090 in 2023. This change in net position relates to the relationship between the rate at which the District is adding additional capital assets, the rate 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 General Fund's total fund balance (under the governmental fund presentation) decreased \$2,914,519 from the prior year, compared to a decrease of \$5,592,772 planned in the budget.
- As described in Note 1 of the notes to basic financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, which did not change the beginning net position. This change is further described in Note 1 of the notes to basic financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- Independent Auditor's Report;
- MD&A;
- Basic financial statements, including the government-wide financial statements, fund financial statements, and the notes to basic financial statements;
- Required supplementary information; and
- Supplementary information, which includes 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 they have 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, transportation, administration, food service, and community education, are primarily financed with state aids and property taxes.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds, rather than the District as a whole. Funds (Food Service 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 combining and individual fund statements and schedules.

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants.
- The District may establish other funds to control and manage money for particular purposes.

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 financing of self-funded dental benefits and the self-funded health insurance plan. 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	\$ 259,029,290	\$ 335,408,070
Capital assets, net of depreciation/amortization	337,781,675	240,699,562
Total assets	<u>\$ 596,810,965</u>	<u>\$ 576,107,632</u>
Deferred outflows of resources		
Pension plan deferments	\$ 29,868,522	\$ 33,917,669
OPEB plan deferments	3,266,595	3,333,217
Total deferred outflows of resources	<u>\$ 33,135,117</u>	<u>\$ 37,250,886</u>
Liabilities		
Current and other liabilities	\$ 35,142,796	\$ 48,671,190
Long-term liabilities, including due within one year	523,248,738	456,978,592
Total liabilities	<u>\$ 558,391,534</u>	<u>\$ 505,649,782</u>
Deferred inflows of resources		
Lease revenue for subsequent years	\$ 4,154,267	\$ 4,304,368
Property taxes levied for subsequent year	59,955,908	55,445,279
Pension plan deferments	17,544,826	84,828,404
OPEB plan deferments	3,927,806	4,830,182
Total deferred inflows of resources	<u>\$ 85,582,807</u>	<u>\$ 149,408,233</u>
Net position		
Net investment in capital assets	\$ 43,576,487	\$ 27,685,397
Restricted	18,595,309	20,465,027
Unrestricted	(76,200,055)	(89,849,921)
Total net position	<u>\$ (14,028,259)</u>	<u>\$ (41,699,497)</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 factor in determining net position as compared to fund balances is the liability for severance benefits, other post-employment benefits (OPEB), and pensions. This impacts the restricted and unrestricted portion of net position.

The recent issuance of facilities maintenance and school building bonds, along with the resulting capital spending resulted in a significant change in current and other assets, capital assets, net of depreciation/amortization, current and other liabilities, long-term liabilities, and net investment in capital assets.

The rate at which the District is adding additional capital assets, the rate capital assets are being depreciated/amortized, and how this compares to the rate at which the District is repaying the debt issued to purchase or construct those assets is having a positive impact on net investment in capital assets.

The decline in amounts restricted for food service, community service, and debt service contributed to the decline in restricted net position.

The change in the District's share of the PERA and TRA pension plans contributed to the change in deferred outflows of resources, long-term liabilities, deferred inflows of resources, and unrestricted net position. The decline in the fund balance in the General Fund and the decline in net position in the District's Internal Service Funds contributed to the change in unrestricted net position in the current year.

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	\$ 9,863,430	\$ 7,680,036
Operating grants and contributions	27,710,488	29,734,127
Capital grants and contributions	258,641	705,483
General revenues		
Property taxes	57,780,441	56,998,699
General grants and aids	70,561,794	72,754,487
Other	6,413,968	(812,128)
Total revenues	172,588,762	167,060,704
Expenses		
Administration	4,248,882	4,688,375
District support services	2,701,391	2,481,138
Elementary and secondary regular instruction	43,661,852	52,924,261
Vocational education instruction	1,559,255	1,201,920
Special education instruction	24,392,796	25,983,741
Community education	318,509	182,603
Instructional support services	8,889,914	10,506,017
Pupil support services	14,744,264	14,912,442
Sites and buildings	16,920,276	15,851,701
Fiscal and other fixed cost programs	600,003	466,359
Food service	5,313,481	4,927,006
Community service	7,910,049	7,113,877
Depreciation/amortization not allocated to other functions	2,923,287	2,720,457
Interest and fiscal charges	10,733,565	8,396,438
Total expenses	144,917,524	152,356,335
Change in net position	27,671,238	14,704,369
Net position – beginning of year	(41,699,497)	(56,403,866)
Net position – end of year	\$ (14,028,259)	\$ (41,699,497)

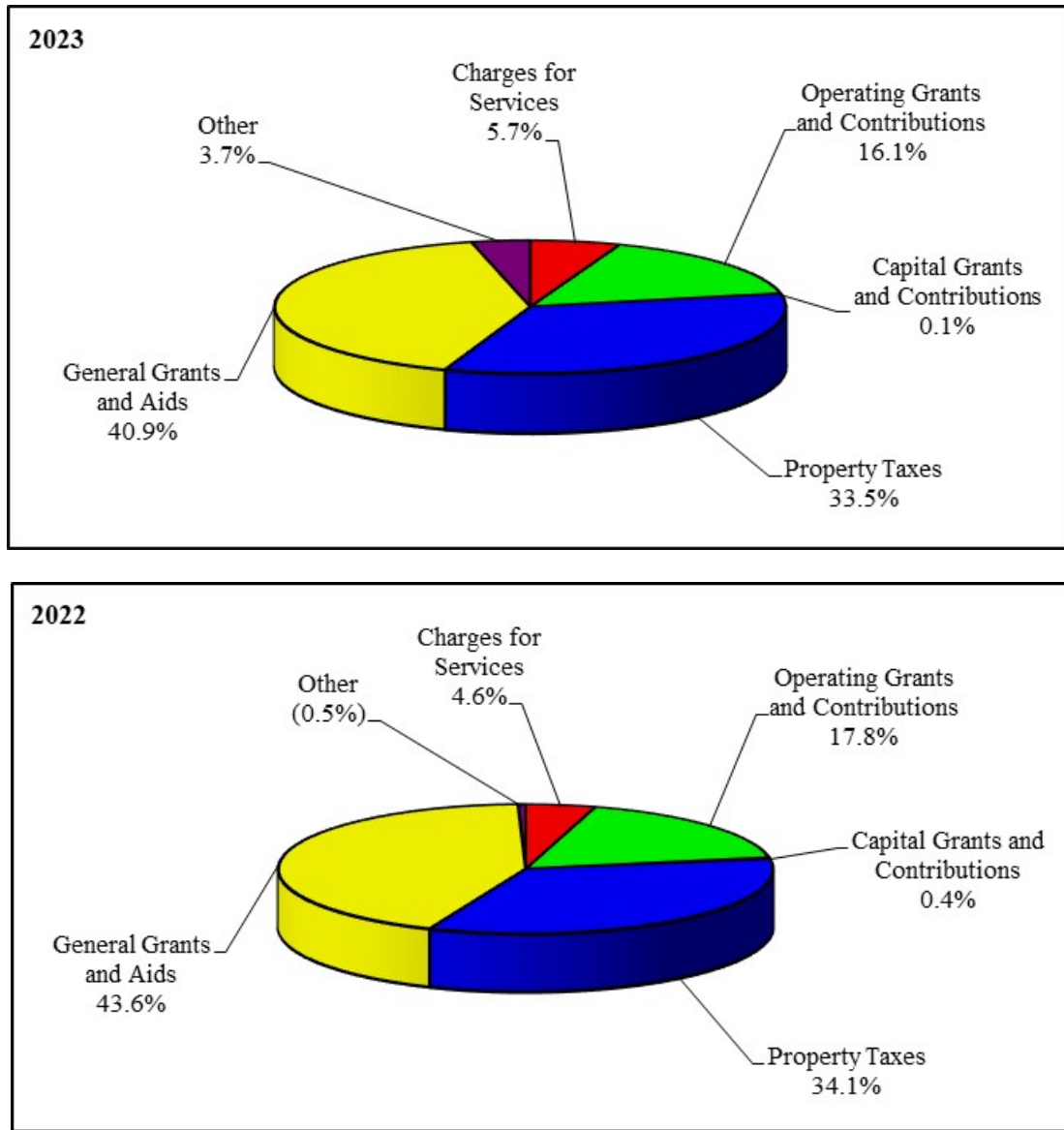
This format is presented on an accrual basis of accounting and it includes all of the governmental activities of the District. This statement includes depreciation/amortization expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

Charges for services increased, due to the transition from the Summer Seamless Option Food Service Program in fiscal 2022, which provided federally funded free meals to all students at the highest available reimbursement rate, back to the National School Lunch Program in fiscal 2023. Operating grants and contributions and general grants and aids decreased in the current year with the decline in federal revenues as spending of pandemic-related grants decreased in the current year as available dollars declined. Other general revenues increased related to investment earnings on bond proceeds and the result of improved market conditions.

The decreases in expenses within elementary and secondary regular instruction and special education instruction reflect the change in the PERA and the TRA multiple-employer defined benefit pension plans mentioned earlier. The increase in interest and fiscal charges relate to additional debt service on bonds issued for capital improvements and facilities maintenance over the past two years.

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

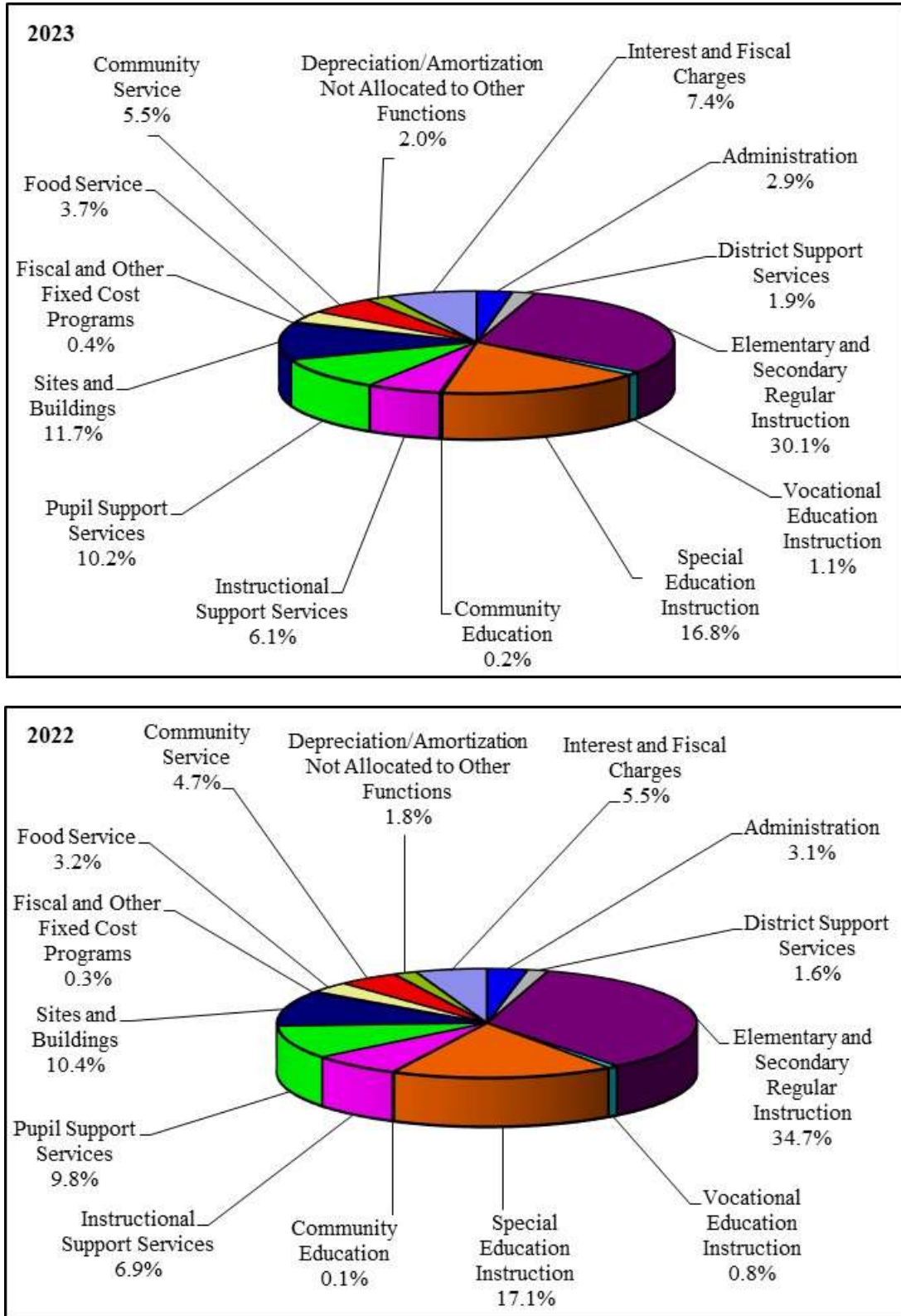
Figure A – Sources of Revenues for Fiscal Years 2023 and 2022



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

Property taxes are 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.

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.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is also reflected in its governmental and internal service 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			
	2023	2022	Change
Major funds			
General	\$ 11,241,544	\$ 14,156,063	\$ (2,914,519)
Capital Projects – Building Construction	129,330,505	189,563,404	(60,232,899)
Debt Service	4,202,276	4,975,001	(772,725)
Nonmajor funds			
Food Service Special Revenue	2,264,397	3,095,049	(830,652)
Community Service Special Revenue	(172,541)	667,408	(839,949)
Total governmental funds	<u>\$ 146,866,181</u>	<u>\$ 212,456,925</u>	<u>\$ (65,590,744)</u>

The significant decrease in fund balance in the Capital Projects – Building Construction Fund is related to spending of bond proceeds issued in prior years.

Analysis of the General Fund

Table 4 summarizes the amendments to the General Fund budget:

Table 4 General Fund Budget				
	Original Budget	Final Budget	Change	Percent Change
Revenue	<u>\$ 127,224,430</u>	<u>\$ 128,993,359</u>	<u>\$ 1,768,929</u>	<u>1.4 %</u>
Expenditures	<u>\$ 127,975,183</u>	<u>\$ 134,586,131</u>	<u>\$ 6,610,948</u>	<u>5.2 %</u>

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to previously as the original budget. During the year, the District might amend that budget for known changes in circumstances, such as enrollment levels, legislative funding, and employee contract settlements.

Table 5 summarizes the operating results of the General Fund:

Table 5 General Fund Operating Results					
	2023 Actual	Over (Under) Final Budget		Over (Under) Prior Year	
		Amount	Percent	Amount	Percent
Revenues and other financing sources	\$ 130,269,071	\$ 1,275,712	1.0%	\$ (363,171)	(0.3%)
Expenditures	<u>133,183,590</u>	\$ (1,402,541)	(1.0%)	\$ (97,093)	(0.1%)
Net change in fund balances	<u>\$ (2,914,519)</u>				

State sources were over budget by \$1,135,814, due to improved funding for special education. Federal sources were under budget by \$1,213,237, primarily due to a decrease in pandemic-related stimulus grant spending. Other revenue was over budget by \$798,136, mainly the result of conservative budgeting in this area.

Property tax revenue increased \$1,120,493, due to an increase in the tax levy, increases from the tax shift, and an improved collection rate. State aid increased \$1,565,878, mainly in special education aid. Revenue decreased \$3,262,772 in federal aid related to decreases in spending of COVID-19 stimulus-related grants and aids as availability is declining.

Supplies and materials were under budget by \$1,548,187. Instructional support services supplies and material were under budget by \$913,621, due to the replacement of technology devices not occurring in fiscal 2023 as planned. Salaries and benefits were under budget by \$909,112 spread across multiple programs. Purchased services were under budget \$430,731, mostly in sites and buildings as facility maintenance project spending was lower than projected.

Expenditures decreased \$97,093 from the prior year. Salaries and benefits increased \$1,522,831, mostly in special education programs. Purchased services decreased \$2,218,775 as sites and buildings costs decreased \$1,856,137, mostly from declines in facilities maintenance projects. Supplies and materials decreased \$920,618, which was due to planned replacement of technology devices in fiscal 2022. Capital expenditures increased \$1,450,061, mainly for pupil support service programs and sites and buildings related costs.

Analysis of Other Major Governmental Funds

The Capital Projects – Building Construction Fund accounts for the costs of capital projects related to long-term facilities maintenance bonds and voter-approved general obligation school building bonds. In 2019, White Bear Lake Area School District voters approved a \$326 million building bond request to address building needs across the District. The bond funding will be used to address projected enrollment growth throughout the District; provide safe, secure, and healthy learning environments for all students through investments in our aging facilities and infrastructure; increase opportunities for students by creating a single unified Grades 9–12 high school; and create flexibly-designed learning spaces to support student-centered instruction. In fiscal 2023, the District issued 2023A Facilities Maintenance Bonds totaling \$33,415,000.

Total Debt Service Fund revenue reflects the full levy for repayment of bonds, less a mandated reduction in the levy to reduce fund balance. Expenditures reflect the debt repayment schedule.

Other Governmental Funds

The Food Service Special Revenue Fund ended the year with expenditures greater than revenues and other financing sources, decreasing fund balance by \$830,652, compared to a planned fund balance decrease of \$1,333,248. The difference is mainly the result of revenues exceeding budgeted amounts by \$396,921, mainly in meal sales and expenditures being lower than projected by \$104,433, mainly in purchased services.

The Community Service Special Revenue Fund ended the year with expenditures greater than revenues and other financing sources, decreasing fund balance by \$839,949, compared to a planned fund balance decrease of \$186,497. The difference was the result of expenditures exceeding budgeted amounts by \$921,196 as salaries, benefits and purchased services were higher than projected, mainly in extended day and nonpublic pupil aid programs.

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 insurance and self-insured dental insurance. The net position balance for all internal service funds as of June 30, 2023, was a balance of \$4,274,396, which represents a \$421,857 decrease from operations.

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	\$ 6,072,864	\$ 5,391,474	\$ 681,390
Land improvements	3,991,759	3,991,759	—
Buildings	160,233,120	138,539,950	21,693,170
Buildings – leased	963,444	963,444	—
Equipment	9,542,043	8,463,613	1,078,430
Pupil transportation vehicles	5,959,956	5,494,114	465,842
Technology subscriptions	67,584	—	67,584
Construction in progress	233,912,617	157,338,575	76,574,042
Less accumulated depreciation/amortization	(82,961,712)	(79,483,367)	(3,478,345)
Total	<u>\$ 337,781,675</u>	<u>\$ 240,699,562</u>	<u>\$ 97,082,113</u>
Depreciation/amortization expense	<u>\$ 3,478,345</u>	<u>\$ 3,198,112</u>	<u>\$ 280,233</u>

By the end of 2023, the District had invested in a broad range of capital assets, including school buildings, athletic facilities, and other equipment for various instructional programs (see Table 6).

The changes presented in the table above reflect the ongoing activity and completion of projects at district sites during fiscal year 2023, consistent with the activity of the Capital Projects – Building Construction Fund discussed on the previous page. The change in capital assets for technology subscriptions related to the implementation of GASB Statement No. 96 implemented in the current year.

Long-Term Liabilities

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

Table 7			
Outstanding Long-Term Liabilities			
	2023	2022	Change
General obligation bonds payable	\$ 395,165,000	\$ 375,050,000	\$ 20,115,000
Certificates of participation	4,755,000	5,470,000	(715,000)
Lease liabilities	761,623	858,038	(96,415)
Premiums (discounts) on bonds payable	22,854,070	21,199,531	1,654,539
Net pension liability	98,751,137	53,357,322	45,393,815
Severance benefits payable	961,908	1,043,701	(81,793)
Total	<u>\$ 523,248,738</u>	<u>\$ 456,978,592</u>	<u>\$ 66,270,146</u>

The increase in general obligation bonds payable and premiums on bonds payable is due to the issuance of bonds as previously mentioned. The differences in the net pension liability reflects the change in the District's proportionate share of these state-wide pension plan obligations.

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	\$ 10,817,452,770
Limit rate	<u>15.0%</u>
Legal debt limit	<u>\$ 1,622,617,916</u>

Additional details of the District's capital assets and long-term liabilities activity can be found in Notes 4 and 5 of 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 Business Office, Independent School District No. 624, 4855 Bloom Avenue, White Bear Lake, Minnesota 55110-2731.

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BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 624

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	\$ 194,001,897	\$ 263,330,221
Receivables		
Current taxes	33,041,601	30,201,434
Delinquent taxes	563,274	604,248
Accounts and interest	632,563	2,184,374
Due from other governmental units	11,839,685	15,474,546
Due from Post-Employment Benefits Trust Fund	1,164,550	4,271,493
Lease	4,154,267	4,304,368
Inventory	208,764	216,549
Prepaid items	47,285	712,904
Net OPEB plan asset	13,313,404	14,045,933
Restricted assets – temporarily restricted		
Cash and investments held for capital projects	62,000	62,000
Capital assets		
Not depreciated/amortized	239,985,481	162,730,049
Depreciated, net of accumulated depreciation/amortization	97,796,194	77,969,513
Total capital assets, net of accumulated depreciation/amortization	<u>337,781,675</u>	<u>240,699,562</u>
Total assets	596,810,965	576,107,632
Deferred outflows of resources		
Pension plan deferments	29,868,522	33,917,669
OPEB plan deferments	3,266,595	3,333,217
Total deferred outflows of resources	<u>33,135,117</u>	<u>37,250,886</u>
Total assets and deferred outflows of resources	<u>\$ 629,946,082</u>	<u>\$ 613,358,518</u>
Liabilities		
Salaries payable	\$ 577,222	\$ 488,236
Accounts and contracts payable	25,960,906	40,369,082
Accrued interest payable	5,361,033	4,582,403
Due to other governmental units	462,328	807,576
Unearned revenue	1,488,164	1,387,640
Claims incurred, but not reported	1,293,143	1,036,253
Long-term liabilities		
Due within one year	15,461,294	14,174,592
Due in more than one year	507,787,444	442,804,000
Total long-term liabilities	<u>523,248,738</u>	<u>456,978,592</u>
Total liabilities	558,391,534	505,649,782
Deferred inflows of resources		
Lease revenue for subsequent years	4,154,267	4,304,368
Property taxes levied for subsequent year	59,955,908	55,445,279
Pension plan deferments	17,544,826	84,828,404
OPEB plan deferments	3,927,806	4,830,182
Total deferred inflows of resources	<u>85,582,807</u>	<u>149,408,233</u>
Net position		
Net investment in capital assets	43,576,487	27,685,397
Restricted for		
OPEB	12,652,193	12,548,968
Capital asset acquisition	2,926,444	3,005,800
Debt service	–	540,441
Community service	312,489	750,269
Food service	2,264,397	3,095,049
Other purposes	439,786	524,500
Unrestricted	(76,200,055)	(89,849,921)
Total net position	<u>(14,028,259)</u>	<u>(41,699,497)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 629,946,082</u>	<u>\$ 613,358,518</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

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

Functions/Programs	2023				Net (Expense)	2022
	Expenses	Program Revenues			Revenue and	Net (Expense)
		Charges for	Operating	Capital	Changes in	Revenue and
		Services	Grants and	Grants and	Net Position	Changes in
			Contributions	Contributions	Governmental	Governmental
					Activities	Activities
Governmental activities						
Administration	\$ 4,248,882	\$ —	\$ —	\$ —	\$ (4,248,882)	\$ (4,688,375)
District support services	2,701,391	—	—	—	(2,701,391)	(2,481,138)
Elementary and secondary regular instruction	43,661,852	1,333,500	1,472,043	—	(40,856,309)	(50,174,574)
Vocational education instruction	1,559,255	—	—	—	(1,559,255)	(1,201,920)
Special education instruction	24,392,796	717,615	21,818,262	—	(1,856,919)	(5,272,645)
Community education	318,509	—	—	—	(318,509)	(182,603)
Instructional support services	8,889,914	17,128	7,723	76,135	(8,788,928)	(9,856,489)
Pupil support services	14,744,264	18,711	375,535	—	(14,350,018)	(14,255,539)
Sites and buildings	16,920,276	425,588	—	182,506	(16,312,182)	(15,332,476)
Fiscal and other fixed cost programs	600,003	—	—	—	(600,003)	(466,359)
Food service	5,313,481	2,148,957	3,086,161	—	(78,363)	2,067,118
Community service	7,910,049	5,201,931	950,764	—	(1,757,354)	(1,274,794)
Depreciation/amortization not allocated to other functions	2,923,287	—	—	—	(2,923,287)	(2,720,457)
Interest and fiscal charges	10,733,565	—	—	—	(10,733,565)	(8,396,438)
Total governmental activities	<u>\$ 144,917,524</u>	<u>\$ 9,863,430</u>	<u>\$ 27,710,488</u>	<u>\$ 258,641</u>	(107,084,965)	(114,236,689)
General revenues						
Taxes						
Property taxes, levied for general purposes					21,660,354	19,775,571
Property taxes, levied for community service					1,164,585	1,166,133
Property taxes, levied for capital projects					11,385,974	12,015,594
Property taxes, levied for debt service					23,569,528	24,041,401
General grants and aids					70,561,794	72,754,487
Other general revenues					745,390	747,733
Investment earnings (charges)					5,668,578	(1,559,861)
Total general revenues					<u>134,756,203</u>	<u>128,941,058</u>
Change in net position					27,671,238	14,704,369
Net position – beginning of year					<u>(41,699,497)</u>	<u>(56,403,866)</u>
Net position – end of year					<u>\$ (14,028,259)</u>	<u>\$ (41,699,497)</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

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	\$ 14,875,234	\$ 151,555,305	\$ 17,403,677
Cash and investments held by trustee	–	62,000	–
Receivables			
Current taxes	17,364,851	–	15,047,188
Delinquent taxes	320,915	–	230,631
Accounts and interest	90,824	500,948	–
Due from other governmental units	11,586,375	–	18,760
Due from other funds	1,164,550	–	–
Lease	4,154,267	–	–
Inventory	–	–	–
Prepaid items	44,626	–	–
Total assets	<u>\$ 49,601,642</u>	<u>\$ 152,118,253</u>	<u>\$ 32,700,256</u>
Liabilities			
Salaries payable	\$ 426,002	\$ 163	\$ –
Accounts and contracts payable	2,456,538	22,784,024	–
Due to other governmental units	376,782	3,561	–
Due to other funds	–	–	–
Unearned revenue	–	–	–
Total liabilities	<u>3,259,322</u>	<u>22,787,748</u>	<u>–</u>
Deferred inflows of resources			
Lease revenue for subsequent years	4,154,267	–	–
Unavailable revenue – delinquent taxes	389,094	–	280,099
Property taxes levied for subsequent year	30,557,415	–	28,217,881
Total deferred inflows of resources	<u>35,100,776</u>	<u>–</u>	<u>28,497,980</u>
Fund balances (deficit)			
Nonspendable	44,626	–	–
Restricted	3,366,230	129,330,505	4,202,276
Unassigned	7,830,688	–	–
Total fund balances	<u>11,241,544</u>	<u>129,330,505</u>	<u>4,202,276</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 49,601,642</u>	<u>\$ 152,118,253</u>	<u>\$ 32,700,256</u>

Nonmajor Funds	Total Governmental Funds	
	2023	2022
\$ 3,127,188	\$ 186,961,404	\$ 256,291,310
—	62,000	62,000
629,562	33,041,601	30,201,434
11,728	563,274	604,248
38,873	630,645	2,176,483
234,550	11,839,685	15,474,546
—	1,164,550	4,271,493
—	4,154,267	4,304,368
208,764	208,764	216,549
2,659	47,285	712,904
<u>\$ 4,253,324</u>	<u>\$ 238,673,475</u>	<u>\$ 314,315,335</u>
\$ 151,057	\$ 577,222	\$ 488,236
379,088	25,619,650	40,045,417
81,985	462,328	807,576
—	—	98,603
354,548	354,548	298,406
<u>966,678</u>	<u>27,013,748</u>	<u>41,738,238</u>
—	4,154,267	4,304,368
14,178	683,371	370,525
1,180,612	59,955,908	55,445,279
<u>1,194,790</u>	<u>64,793,546</u>	<u>60,120,172</u>
211,423	256,049	929,453
2,351,285	139,250,296	201,689,224
(470,852)	7,359,836	9,838,248
<u>2,091,856</u>	<u>146,866,181</u>	<u>212,456,925</u>
<u>\$ 4,253,324</u>	<u>\$ 238,673,475</u>	<u>\$ 314,315,335</u>

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INDEPENDENT SCHOOL DISTRICT NO. 624

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	\$ 146,866,181	\$ 212,456,925
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	420,743,387	320,182,929
Accumulated depreciation/amortization	(82,961,712)	(79,483,367)
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 payable	(395,165,000)	(375,050,000)
Certificates of participation payable	(4,755,000)	(5,470,000)
Lease liabilities	(761,623)	(858,038)
Premium (discount) on bonds payable	(22,854,070)	(21,199,531)
Net pension liability	(98,751,137)	(53,357,322)
Severance benefits payable	(961,908)	(1,043,701)
Net OPEB plan assets reported in the Statement of Net Position do not require the use of current financial resources and are not reported as assets in governmental funds until actually due.		
	13,313,404	14,045,933
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.		
	4,274,396	4,696,253
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.		
	(5,361,033)	(4,582,403)
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	29,868,522	33,917,669
Deferred inflows of resources – pension plan deferments	(17,544,826)	(84,828,404)
Deferred outflows of resources – OPEB plan deferments	3,266,595	3,333,217
Deferred inflows of resources – OPEB plan deferments	(3,927,806)	(4,830,182)
Deferred inflows of resources – delinquent property taxes	683,371	370,525
Total net position – governmental activities	<u>\$ (14,028,259)</u>	<u>\$ (41,699,497)</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

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	\$ 32,871,766	\$ –	\$ 23,437,272
Investment earnings (charges)	326,516	4,944,334	222,734
Other	3,180,846	251	–
State sources	87,901,945	–	186,191
Federal sources	5,937,405	–	–
Total revenue	130,218,478	4,944,585	23,846,197
Expenditures			
Current			
Administration	4,949,923	–	–
District support services	2,712,964	–	–
Elementary and secondary regular instruction	54,249,852	–	–
Vocational education instruction	1,745,537	–	–
Special education instruction	27,970,498	–	–
Community education	317,632	–	–
Instructional support services	9,365,907	–	–
Pupil support services	15,247,597	–	–
Sites and buildings	14,934,054	–	–
Fiscal and other fixed cost programs	600,003	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	–	101,889,218	–
Debt service			
Principal	811,415	–	13,300,000
Interest and fiscal charges	278,208	133,345	11,318,922
Total expenditures	133,183,590	102,022,563	24,618,922
Excess (deficiency) of revenue over expenditures	(2,965,112)	(97,077,978)	(772,725)
Other financing sources (uses)			
Bonds issued	–	33,415,000	–
Refunding debt issued	–	–	–
Premium on issuance of debt	–	3,430,079	–
Proceeds from sale of assets	–	–	–
Insurance recovery	50,593	–	–
Payment to refunded bonds escrow agent	–	–	–
Total other financing sources (uses)	50,593	36,845,079	–
Net change in fund balances	(2,914,519)	(60,232,899)	(772,725)
Fund balances			
Beginning of year	14,156,063	189,563,404	4,975,001
End of year	\$ 11,241,544	\$ 129,330,505	\$ 4,202,276

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds	
	2023	2022
\$ 1,158,557	\$ 57,467,595	\$ 56,924,765
72,927	5,566,511	(1,564,956)
7,350,888	10,531,985	8,404,487
1,209,985	89,298,121	87,695,511
2,826,940	8,764,345	15,910,891
<u>12,619,297</u>	<u>171,628,557</u>	<u>167,370,698</u>
—	4,949,923	4,859,360
—	2,712,964	2,571,817
—	54,249,852	54,434,812
—	1,745,537	1,225,126
—	27,970,498	26,765,265
—	317,632	182,603
—	9,365,907	10,594,212
—	15,247,597	14,992,963
—	14,934,054	16,109,378
—	600,003	466,359
5,613,335	5,613,335	5,105,642
8,145,962	8,145,962	7,228,621
556,843	102,446,061	132,128,045
—	14,111,415	14,790,406
—	11,730,475	9,820,154
<u>14,316,140</u>	<u>274,141,215</u>	<u>301,274,763</u>
(1,696,843)	(102,512,658)	(133,904,065)
—	33,415,000	90,865,000
—	—	8,280,000
—	3,430,079	8,774,270
26,242	26,242	61,351
—	50,593	—
—	—	(8,850,000)
<u>26,242</u>	<u>36,921,914</u>	<u>99,130,621</u>
(1,670,601)	(65,590,744)	(34,773,444)
<u>3,762,457</u>	<u>212,456,925</u>	<u>247,230,369</u>
<u>\$ 2,091,856</u>	<u>\$ 146,866,181</u>	<u>\$ 212,456,925</u>

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INDEPENDENT SCHOOL DISTRICT NO. 624

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	\$ (65,590,744)	\$ (34,773,444)
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	100,560,458	132,043,524
Depreciation/amortization expense	(3,478,345)	(3,198,112)
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.		
	(421,857)	344,172
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not resources in the Statement of Activities, but rather constitutes long-term liabilities.		
General obligation bonds payable	(33,415,000)	(99,145,000)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds payable	13,300,000	22,855,000
Certificates of participation payable	715,000	680,000
Lease liabilities	96,415	105,406
Net OPEB plan assets reported in the Statement of Activities do not require the use of current financial resources and are not reported until actually due.		
	(732,529)	(4,878,412)
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.		
	(778,630)	(734,220)
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.		
	(1,654,539)	(6,859,179)
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 pension liability	(45,393,815)	33,707,756
Severance benefits payable	81,793	53,248
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	(4,049,147)	(4,914,869)
Deferred inflows of resources – pension plan deferments	67,283,578	(24,235,091)
Deferred outflows of resources – OPEB plan deferments	(66,622)	2,658,565
Deferred inflows of resources – OPEB plan deferments	902,376	678,246
Deferred inflows of resources – deferred charges on refunding	–	242,845
Deferred inflows of resources – delinquent property taxes	312,846	73,934
Change in net position – governmental activities	<u>\$ 27,671,238</u>	<u>\$ 14,704,369</u>

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INDEPENDENT SCHOOL DISTRICT NO. 624

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Revenue				
Local sources				
Property taxes	\$ 32,543,875	\$ 32,543,876	\$ 32,871,766	\$ 327,890
Investment earnings	10,000	150,000	326,516	176,516
Other	2,226,955	2,382,710	3,180,846	798,136
State sources	87,322,693	86,766,131	87,901,945	1,135,814
Federal sources	5,120,907	7,150,642	5,937,405	(1,213,237)
Total revenue	<u>127,224,430</u>	<u>128,993,359</u>	<u>130,218,478</u>	<u>1,225,119</u>
Expenditures				
Current				
Administration	4,919,703	4,980,983	4,949,923	(31,060)
District support services	2,527,283	2,585,049	2,712,964	127,915
Elementary and secondary regular instruction	55,979,661	54,777,131	54,249,852	(527,279)
Vocational education instruction	1,326,086	1,315,598	1,745,537	429,939
Special education instruction	25,717,835	28,296,421	27,970,498	(325,923)
Community education	—	—	317,632	317,632
Instructional support services	8,180,618	10,310,669	9,365,907	(944,762)
Pupil support services	12,988,150	15,185,142	15,247,597	62,455
Sites and buildings	14,887,956	15,687,247	14,934,054	(753,193)
Fiscal and other fixed cost programs	489,541	489,541	600,003	110,462
Debt service				
Principal	715,000	715,000	811,415	96,415
Interest and fiscal charges	243,350	243,350	278,208	34,858
Total expenditures	<u>127,975,183</u>	<u>134,586,131</u>	<u>133,183,590</u>	<u>(1,402,541)</u>
Excess (deficiency) of revenue over expenditures	(750,753)	(5,592,772)	(2,965,112)	2,627,660
Other financing sources				
Insurance recovery	—	—	50,593	50,593
Net change in fund balances	<u>\$ (750,753)</u>	<u>\$ (5,592,772)</u>	<u>(2,914,519)</u>	<u>\$ 2,678,253</u>
Fund balances				
Beginning of year			<u>14,156,063</u>	
End of year			<u>\$ 11,241,544</u>	

INDEPENDENT SCHOOL DISTRICT NO. 624

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	\$ 7,040,493	\$ 7,038,911
Accounts and interest receivable	1,918	7,891
Due from other funds	—	98,603
Total assets	<u>7,042,411</u>	<u>7,145,405</u>
Liabilities		
Current liabilities		
Accounts and contracts payable	341,256	323,665
Claims incurred, but not reported	1,293,143	1,036,253
Unearned revenue	<u>1,133,616</u>	<u>1,089,234</u>
Total liabilities	<u>2,768,015</u>	<u>2,449,152</u>
Net position		
Unrestricted	<u><u>\$ 4,274,396</u></u>	<u><u>\$ 4,696,253</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 624

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		
Contributions from governmental funds	\$ 16,031,695	\$ 16,112,645
Operating expenses		
Health benefit claims	14,440,594	14,010,864
Dental benefit claims	979,578	950,056
Administrative costs	1,135,447	812,648
Total operating expenses	<u>16,555,619</u>	<u>15,773,568</u>
Operating income (loss)	(523,924)	339,077
Nonoperating revenue		
Investment earnings	<u>102,067</u>	<u>5,095</u>
Income (loss) before transfers	(421,857)	344,172
Transfers in	—	146,186
Transfers out	<u>—</u>	<u>(146,186)</u>
Change in net position	(421,857)	344,172
Net position		
Beginning of year	<u>4,696,253</u>	<u>4,352,081</u>
End of year	<u>\$ 4,274,396</u>	<u>\$ 4,696,253</u>

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INDEPENDENT SCHOOL DISTRICT NO. 624

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		
Received from assessments made to other funds	\$ 16,082,050	\$ 16,124,604
Self-insurance claims and payments	<u>(16,281,138)</u>	<u>(15,453,979)</u>
Net cash flows from operating activities	(199,088)	670,625
Cash flows from noncapital financing activities		
Payments from (to) other funds	98,603	(98,603)
Transfers in	—	146,186
Transfers out	<u>—</u>	<u>(146,186)</u>
Net cash flows from noncapital financing activities	98,603	(98,603)
Cash flows from investing activities		
Investment income received	<u>102,067</u>	<u>5,095</u>
Net change in cash and cash equivalents	1,582	577,117
Cash and cash equivalents		
Beginning of year	<u>7,038,911</u>	<u>6,461,794</u>
End of year	<u><u>\$ 7,040,493</u></u>	<u><u>\$ 7,038,911</u></u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	\$ (523,924)	\$ 339,077
Adjustments to reconcile operating income (loss) to cash flows from operating activities		
Changes in assets and liabilities		
Accounts and interest receivable	5,973	(7,891)
Accounts and contracts payable	17,591	75,512
Claims incurred, but not reported	256,890	244,077
Unearned revenue	<u>44,382</u>	<u>19,850</u>
Net cash flows from operating activities	<u><u>\$ (199,088)</u></u>	<u><u>\$ 670,625</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 624

Statement of Fiduciary Net Position
as of June 30, 2023

	Post-Employment Benefits Trust Fund	Custodial Fund
Assets		
Cash and cash equivalents	\$ 28	\$ 275,579
Investments held by trustee		
Money market mutual fund	68,454	—
Domestic equity mutual fund	6,601,916	—
International mutual fund	3,116,164	—
Bond mutual fund	21,340,709	—
Receivables		
Accounts and interest	—	500
Total assets	31,127,271	276,079
Liabilities		
Accounts and contracts payable	—	26,738
Due to other governmental units	—	70,423
Due to governmental funds	1,164,550	—
Total liabilities	1,164,550	97,161
Net position		
Restricted for scholarships	—	10,972
Restricted for other purposes	—	167,946
Restricted for OPEB	29,962,721	—
Total net position	\$ 29,962,721	\$ 178,918

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

	Post-Employment Benefits Trust Fund	Custodial Fund
Additions		
Contributions		
Private donations	\$ —	\$ 163,431
Investment earnings	952,893	3,433
Total additions	952,893	166,864
Deductions		
Benefits	1,164,550	—
Other private-purpose expenses	—	137,158
Total deductions	1,164,550	137,158
Change in net position	(211,657)	29,706
Net position		
Beginning of year	30,174,378	149,212
End of year	\$ 29,962,721	\$ 178,918

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 624

Notes to Basic Financial Statements June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 624 (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. It is governed by a seven-member Board of Education elected by the voters of the District to four-year terms. The accounting policies of the District conform to accounting principles generally accepted in the United States of America. 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 component units.

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

C. Government-Wide Financial Statement Presentation

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

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 instead as general revenues.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. For capital assets that can be specifically identified with, or allocated to functional areas, depreciation/amortization expense is included as a direct expense in the functional areas that utilize the related capital assets. For capital assets that essentially serve all functional areas, depreciation/amortization expense is reported as “depreciation/amortization expense not allocated to other functions.” 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. The proprietary fund (Internal Service Fund) is presented in the proprietary fund financial statements. Because the principal users of the internal services are the District’s governmental activities, the financial statement of the proprietary fund (Internal Service Fund) is consolidated into the governmental activities in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity. Fiduciary funds are presented in the fiduciary fund financial statements by type: pension (or other benefit) trust and custodial. Since, by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide financial statements.

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

1. **Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered to be available if collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. Federal revenue is recorded in the year in which the related expenditure is made. State revenue is recognized in the year to which it applies according to Minnesota Statutes (which include state aid funding formulas for specific years) and accounting principles generally accepted in the United States of America. Other revenue is considered available if collected within 60 days. Proceeds of long-term debt 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, severance benefits, and net pension liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. A description of the funds included in this report is as follows:

Major Governmental Funds

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

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.

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.

Nonmajor Governmental Funds

Food Service Special Revenue Fund – The Food Service Special Revenue Fund is used primarily to record financial activities of the District's child nutrition program.

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

Proprietary Funds

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

Fiduciary Funds

Post-Employment Benefits Trust Fund – The Post-Employment Benefits Trust Fund is used to administer resources received and held by the District as the trustee for others. The Post-Employment Benefits Trust Fund includes assets held in an irrevocable trust to fund post-employment insurance benefits of eligible employees.

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

E. Budgetary Information

The budget for each fund is prepared on the same basis of accounting as the fund financial statements. Each June, the Board of Education adopts an annual budget for the following fiscal year for all governmental funds except the Capital Projects – Building Construction Fund. This fund relies on bond issue project budgets for budgetary controls. Legal budgetary control is at the fund level. Budgeted appropriations lapse at year-end.

Expenditures exceeded budgeted amounts in the Community Service Special Revenue Fund and the Debt Service Fund by \$921,196, and \$18,402, respectively.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Temporary Investments

Cash and temporary investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

Cash and investments include balances held in segregated accounts that are established for specific purposes. In the Capital Projects – Building Construction Fund cash and investments are held by trustee for future capital projects. In the Post-Employment Benefits Trust Fund, this represents assets deposited by the District in an irrevocable trust account, the use of which is restricted to paying other post-employment benefits (OPEB) as specified in the trust agreement. Interest earned on these investments was allocated directly to those accounts.

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

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; 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.

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 lease receivable and delinquent property taxes receivable.

Due from governmental units at June 30, 2023 consist of the following:

MDE	\$ 11,770,892
Minnesota school districts	61,420
Other governmental units	<u>7,373</u>
Total	<u>\$ 11,839,685</u>

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 a 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 in both government-wide and fund financial statements. Prepaid items are reported using the consumption method and recoded as expenditures/expenses at the time of consumption.

J. Property Taxes

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

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the “tax shift,” which periodically changes the District’s recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year’s levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the tax shift, as mandated by legislation, recognizes \$2,028,699 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 deferred inflow of resources (property taxes levied for subsequent year).

Property tax levies are certified by 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 which 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 financial statements because it is not known to be available to finance the current operations of the District. No allowance for uncollectible taxes is considered necessary.

K. Capital Assets

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated/amortized using the straight-line method over their estimated useful lives. Since assets are generally sold for an immaterial amount or scrapped when 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 equipment and pupil transportation vehicles. Leased assets are amortized over the term of the lease or over the remaining useful life of the applicable asset class previously described, if future ownership is anticipated. Technology subscriptions are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying information technology (IT) assets. Land and construction in progress are not depreciated.

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

L. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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.

M. Subscription-Based Information Technology Arrangements (SBITAs)

A SBITA is a contract that conveys control of the right to use another party'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. The District has entered into certain technology subscriptions for education solutions and other purposes. Capital assets associated with SBITAs are presented separately from other capital assets in Note 4.

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 assets 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 experience, changes in proportion, changes of assumptions, differences between projected and actual earnings on pension and OPEB Plan investments, and contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension and OPEB standards.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. **Vacation Pay** – Since teachers are not eligible for vacation pay and amounts accrued to other employees are insignificant, no liability for vacation pay is recorded in the financial statements.
2. **Sick Pay** – Substantially all district employees are entitled to sick leave at various rates. Unused sick leave enters into the calculation of severance and health benefit payments for some employees upon termination.

P. Severance Benefits

Severance benefits consist of lump sum early retirement incentive payments, including provisions for salary-related payments and convertible sick leave. The District maintains various early retirement incentive payment plans for its employee groups. Each employee group plan contains benefit formulas based on years of service and/or minimum age requirements. No employee can receive early retirement incentive payments exceeding one year's salary. In addition, certain bargaining unit members are eligible to be compensated for unused accumulated sick leave upon termination subject to certain conditions. These benefits are paid to a tax-sheltered annuity plan on behalf of the employee. These benefits are offset in certain instances by the amount of matching contributions made by the District to retirement plans of the employee during the years of employment of each individual.

Severance benefits are recorded as a liability in the government-wide financial statements as it is earned and when it becomes probable that it will vest at some point in the future. Severance benefits are accrued in the appropriate governmental fund (General Fund, Food Service Special Revenue Fund, and Community Service Special Revenue Fund) only when it becomes due and payable.

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 the 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Other Post-Employment Benefits (OPEB) Plan

For purposes of measuring the net OPEB liability (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 may also be 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 was several changes in insurance coverages in the current fiscal year to better reflect the size and appropriate risks of loss of the District at the current time.
- 2. Self-Insurance** – The District has established two internal service funds 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 funds provide 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.

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

	Balance – Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance – End of Year
2022	\$ 31,860	\$ 1,000,999	\$ 997,245	\$ 35,614
2023	\$ 35,614	\$ 981,318	\$ 980,448	\$ 36,484

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

	Balance – Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance – End of Year
2022	\$ 760,316	\$ 14,699,293	\$ 14,458,970	\$ 1,000,639
2023	\$ 1,000,639	\$ 14,952,634	\$ 14,696,614	\$ 1,256,659

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Restricted Assets

Restricted assets are cash and cash equivalents whose use is limited by legal requirements, such as bond indenture. Restricted assets are only reported in government-wide financial statements. In the fund financial statements these assets are reported as “cash and investments held by trustee.”

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

V. Fund Balance Classifications

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

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by resolution of the Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education 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 Board of Education resolution, the District’s superintendent and assistant superintendent for finance and operations 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. Use of Estimates

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

X. Prior Period Comparative Financial Information/Reclassification

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

Y. Net Investment in Capital Assets

Net investment in capital assets at June 30, 2023 consist of the following:

Capital assets, net of depreciation/amortization	\$ 337,781,675
Bonds used for capital asset purposes	(395,165,000)
Certificates of participation	(4,755,000)
Lease liabilities	(761,623)
Premiums (discounts) on bonds	(22,854,070)
Unused bond proceeds	<u>129,330,505</u>
Total	<u><u>\$ 43,576,487</u></u>

Z. 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 governmental 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 for SBITAs. Beginning net position was unchanged from the implementation of this standard in the current year. See Note 4 for additional details on this change in the current year.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	\$ 17,454,316
Investments	208,011,881
Cash on hand	<u>550</u>
Total	<u><u>\$ 225,466,747</u></u>

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

Statement of Net Position	
Cash and temporary investments	\$ 194,001,897
Cash and investments held for capital projects	62,000
Statement of Fiduciary Net Position	
Cash and cash equivalents – Post-Employment Benefits Trust Fund	28
Cash and cash equivalents – Custodial Fund	275,579
Investments held by trustee – Post-Employment Benefits Trust Fund	
Money market mutual fund	68,454
International mutual fund	6,601,916
Domestic equity mutual fund	3,116,164
Bond mutual fund	<u>21,340,709</u>
Total	<u><u>\$ 225,466,747</u></u>

B. Deposits

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

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

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

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

At year-end, the carrying amount of the District's deposits was \$17,454,316, while the balance on the bank records was \$17,392,327. At June 30, 2023, deposits fully covered by federal deposit insurance, surety bonds, or by collateral held by the District's agent in the District's name totaled \$2,938,388. Deposits not covered by federal deposit insurance, surety bonds, or by collateral held by the District's agent in the District's name totaled \$14,453,939.

The District's deposits were covered by collateral held by the District's agent in the District's name on July 2, 2023.

C. Investments

The District had the following investments at year-end:

Investment Type	Credit Risk		Fair Value Measurements Using	Interest Risk – Maturity Duration in Years					Total
	Rating	Agency		No Maturity	Less Than 1	1 to 5	6 to 10	Greater Than 10	
U.S. treasuries	N/A	N/A	Level 1	\$ –	\$ 5,127,202	\$ –	\$ –	\$ –	\$ 5,127,202
U.S. treasuries	N/A	N/A	Level 1	\$ –	\$ 18,826,664	\$ –	\$ –	\$ –	18,826,664
U.S. agency securities	AA	S&P	Level 2	\$ –	\$ 10,125,675	\$ –	\$ –	\$ –	10,125,675
U.S. agency securities	N/R	N/A	Level 2	\$ –	\$ 2,714,820	\$ –	\$ –	\$ –	2,714,820
State and local bonds	AAA	S&P	Level 2	\$ –	\$ 1,634,552	\$ –	\$ –	\$ –	1,634,552
State and local bonds	Aaa	Moody's	Level 2	\$ –	\$ 248,738	\$ 683,500	\$ –	\$ –	932,238
State and local bonds	AA	S&P	Level 2	\$ –	\$ 14,205,768	\$ 3,289,645	\$ –	\$ 132,305	17,627,718
State and local bonds	Aa	Moody's	Level 2	\$ –	\$ 5,914,748	\$ 1,154,300	\$ –	\$ –	7,069,048
State and local bonds	A	S&P	Level 2	\$ –	\$ 5,149,568	\$ 245,385	\$ 245,658	\$ –	5,640,611
State and local bonds	A	Moody's	Level 2	\$ –	\$ 1,522,455	\$ –	\$ –	\$ –	1,522,455
State and local bonds	Baa	Moody's	Level 2	\$ –	\$ 390,548	\$ –	\$ –	\$ –	390,548
State and local bonds	N/R	N/A	Level 2	\$ –	\$ 513,573	\$ –	\$ –	\$ –	513,573
State and local revenue bonds	AAA	S&P	Level 2	\$ –	\$ 2,730,467	\$ 190,470	\$ –	\$ –	2,920,937
State and local revenue bonds	AA	S&P	Level 2	\$ –	\$ 4,075,250	\$ 571,303	\$ –	\$ –	4,646,553
State and local revenue bonds	Aa	Moody's	Level 2	\$ –	\$ 9,692,712	\$ 613,751	\$ –	\$ –	10,306,463
State and local revenue bonds	A	S&P	Level 2	\$ –	\$ 124,613	\$ –	\$ –	\$ –	124,613
State and local revenue bonds	A	Moody's	Level 2	\$ –	\$ 3,196,495	\$ –	\$ –	\$ –	3,196,495
State and local revenue bonds	Baa	Moody's	Level 2	\$ –	\$ –	\$ 907,213	\$ –	\$ –	907,213
State and local revenue bonds	N/R	N/A	Level 2	\$ –	\$ 1,003,280	\$ –	\$ –	\$ –	1,003,280
Negotiable certificates of deposit	N/R	N/A	Level 2	\$ –	\$ 1,072,705	\$ –	\$ –	\$ –	1,072,705
Investment pools/mutual funds									
Money market mutual funds	AAA	S&P	Level 1	\$ 68,454	\$ –	\$ –	\$ –	\$ –	68,454
Domestic equity mutual fund	N/R	N/A	Level 1	\$ 6,601,916	\$ –	\$ –	\$ –	\$ –	6,601,916
International mutual fund	N/R	N/A	Level 1	\$ 3,116,164	\$ –	\$ –	\$ –	\$ –	3,116,164
Bond mutual fund	N/R	N/A	Level 1	\$ 21,340,709	\$ –	\$ –	\$ –	\$ –	21,340,709
MSDLAF Liquid Class	AAA	S&P	A/C	\$ 58,698,956	\$ –	\$ –	\$ –	\$ –	58,698,956
MSDLAF MAX Class	AAA	S&P	A/C	\$ 21,882,319	\$ –	\$ –	\$ –	\$ –	21,882,319
Total investments									<u>\$ 208,011,881</u>

A/C – Amortized Cost

N/R – Not Rated

N/A – Not Applicable

The Minnesota School District Liquid Asset Fund (MSDLAF) is regulated by Minnesota Statutes and is an external investment pool not registered with the Securities and Exchange Commission. The District's investments in the MSDLAF are measured at the net asset value per share provided by the pool, which is based on amortized cost methods that approximate fair value.

For this investment pool, there is no unfunded commitments, redemption frequency is daily, and there is no redemption notice for the MSDLAF Liquid Class; redemption notice period is 14 days for the MSDLAF MAX Class with the exception of direct investments of funds distributed by the state of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty, and there is a 24-hour hold on all requests for redemptions.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the District's investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated "A" or better; revenue obligations rated "AA" or better; general obligations of the Minnesota Housing Finance Agency rated "A" or better; bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts 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.

Post-Employment Benefits Trust Fund – This fund represents investments administered by the District's OPEB Trust Fund investment managers. The District's investment policy, discussed previously, extends to the OPEB Trust Fund investments.

Minnesota Statutes authorize the OPEB Trust Fund to invest in obligations of the U.S. treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the state of Minnesota or its municipalities, bankers' acceptances, future contracts, corporate bonds, common stock and foreign stock of the highest quality, mutual funds, repurchase and reverse agreements, and commercial paper if issued by a United States corporation or its Canadian subsidiary and if rated in the highest two quality categories by a nationally recognized rating agency; and in the State Board of Investments. Investments are stated at fair value.

Concentration Risk – This is the risk associated with investing a significant portion of the District's investments (considered 5.0 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District's investment policy does 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 policy does not limit the maturities of investments; however, when purchasing investments, the District considers such things as interest rates and cash flow needs.

NOTE 3 – LEASE RECEIVABLE

The District is the lessor in an agreement that conveys the right to use building space owned by the District. This agreement is reported as a \$4,154,267 lease receivable and offsetting deferred inflow of resources in the General Fund. The lease is reported using an incremental rate of 3.00 percent with a final maturity in 2043. During the current year, the District received principal and interest payments on this lease of \$279,232.

NOTE 4 – CAPITAL ASSETS

Capital assets and accumulated depreciation/amortization activity for the year ended June 30, 2023 is as follows:

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated/amortized					
Land	\$ 5,391,474	\$ 681,390	\$ –	\$ –	\$ 6,072,864
Construction in progress	157,338,575	98,267,212	–	(21,693,170)	233,912,617
Total capital assets, not depreciated/amortized	162,730,049	98,948,602	–	(21,693,170)	239,985,481
Capital assets, depreciated/amortized					
Land improvements	3,991,759	–	–	–	3,991,759
Buildings	138,539,950	–	–	21,693,170	160,233,120
Buildings – leased	963,444	–	–	–	963,444
Equipment	8,463,613	1,078,430	–	–	9,542,043
Pupil transportation vehicles	5,494,114	465,842	–	–	5,959,956
Technology subscriptions	–	67,584	–	–	67,584
Total capital assets, depreciated/amortized	157,452,880	1,611,856	–	21,693,170	180,757,906
Less accumulated depreciation/amortization for					
Land improvements	(2,481,363)	(108,240)	–	–	(2,589,603)
Buildings	(65,892,143)	(2,624,169)	–	–	(68,516,312)
Buildings – leased	(107,049)	(107,049)	–	–	(214,098)
Equipment	(6,346,078)	(447,538)	–	–	(6,793,616)
Pupil transportation vehicles	(4,656,734)	(181,308)	–	–	(4,838,042)
Technology subscriptions	–	(10,041)	–	–	(10,041)
Total accumulated depreciation/amortization	(79,483,367)	(3,478,345)	–	–	(82,961,712)
Net capital assets, depreciated/amortized	77,969,513	(1,866,489)	–	21,693,170	97,796,194
Total capital assets, net	\$ 240,699,562	\$ 97,082,113	\$ –	\$ –	\$ 337,781,675

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

Elementary and secondary regular instruction	\$ 196,822
Vocational education instruction	650
Special education instruction	56,662
Instructional support services	32,990
Pupil support services	171,178
Depreciation/amortization not allocated to other functions	2,923,287
Community service	7,291
Food service	89,465
Total depreciation/amortization expense	\$ 3,478,345

NOTE 5 – LONG-TERM LIABILITIES

A. General Obligation Bonds Payable

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

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
2014A Alternative Facilities Bonds	09/10/2014	2.000–2.150%	\$ 5,900,000	02/01/2025	\$ 4,260,000
2015A Alternative Facilities Bonds	06/04/2015	2.000–2.125%	\$ 9,370,000	02/01/2026	9,370,000
2018A Facilities Maintenance Bonds	03/29/2018	3.000%	\$ 15,970,000	02/01/2032	15,970,000
2020A School Building Bonds	03/05/2020	2.250–4.000%	\$ 250,000,000	02/01/2045	240,085,000
2021A Facilities Maintenance Bonds	07/08/2021	2.000–4.000%	\$ 27,865,000	02/01/2030	24,930,000
2021B Alternative Facility Refunding Bonds	12/02/2021	5.000%	\$ 8,280,000	02/01/2024	4,135,000
2022A School Building Bonds	04/07/2022	3.000–5.000%	\$ 63,000,000	02/01/2040	63,000,000
2023A Facilities Maintenance Bonds	01/26/2023	4.000–5.000%	\$ 33,415,000	02/01/2032	33,415,000
Total general obligation bonds payable					<u>\$ 395,165,000</u>

B. Description of Long-Term Liabilities

General Obligation School Building, Refunding, Alternative Facilities, and Facilities Maintenance Bonds – These bonds were issued to finance acquisition and/or construction of capital facilities or to refinance the retirement (refund) of prior bond issues. 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 are equal to 105 percent of the principal and interest due each year. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

C. Certificates of Participation Payable

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
2020B Certificates of Participation	07/30/2020	3.0–5.0%	\$ 6,485,000	04/01/2029	<u>\$ 4,755,000</u>

On July 30, 2020, the District issued \$6,485,000 of Certificates of Participation, Series 2020B. The certificates were issued for the purpose of refunding three outstanding financed purchases totaling \$7,439,586. Scheduled future ad valorem lease obligation tax levies will be made to finance the retirement of principal and interest payments on the certificates. These certificates of participation are being paid by the General Fund.

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

D. Lease Liabilities

The District has obtained the use of certain building space through a lease financing agreement. The total amount of the 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 this agreement 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 any losses upon default. The District currently has the following lease liability obligation outstanding:

<u>Lease Description</u>	<u>Interest Rate</u>	<u>Lease Date</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
Pool and building space	3.00%	08/01/2020	07/31/2030	<u>\$ 761,623</u>

E. Legal Debt Limit

The state of Minnesota sets the amount of general obligation debt the District can issue to 15 percent of market value of all taxable property within the District. At June 30, 2023, the District's legal debt limit is \$1,622,617,916.

F. Other Long-Term Liabilities

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

District employees participate in two defined benefit pension plans, both cost-sharing, multiple-employer plans administered by the PERA and the TRA. 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:

<u>Pension Plans</u>	<u>Net Pension Liabilities</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
State-wide, multiple-employer – PERA	\$ 21,487,049	\$ 7,416,953	\$ 646,587	\$ 2,976,690
State-wide, multiple-employer – TRA	<u>77,264,088</u>	<u>22,451,569</u>	<u>16,898,239</u>	<u>(13,169,248)</u>
Total	<u>\$ 98,751,137</u>	<u>\$ 29,868,522</u>	<u>\$ 17,544,826</u>	<u>\$ (10,192,558)</u>

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

G. Minimum Debt Payments

Minimum annual principal and interest payments to maturity for general obligation bonds, certificates of participation, and lease liabilities are as follows:

Year Ending June 30,	General Obligation Bonds		Certificates of Participation		Lease Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 14,560,000	\$ 12,720,110	\$ 745,000	\$ 207,600	\$ 99,329	\$ 22,109
2025	17,495,000	12,098,804	790,000	170,350	102,331	19,107
2026	17,655,000	11,482,356	830,000	130,850	105,424	16,014
2027	18,570,000	10,871,125	865,000	89,350	108,611	12,828
2028	19,720,000	10,095,125	900,000	54,750	111,893	9,545
2029–2033	99,655,000	39,124,425	625,000	18,750	234,035	8,842
2034–2038	86,915,000	24,115,850	–	–	–	–
2039–2043	86,655,000	11,688,925	–	–	–	–
2044–2045	33,940,000	1,362,700	–	–	–	–
	<u>\$ 395,165,000</u>	<u>\$ 133,559,420</u>	<u>\$ 4,755,000</u>	<u>\$ 671,650</u>	<u>\$ 761,623</u>	<u>\$ 88,445</u>

H. Changes in Long-Term Liabilities

	Balance – Beginning of Year	Additions	Retirements	Balance – End of Year	Due Within One Year
General obligation bonds payable	\$ 375,050,000	\$ 33,415,000	\$ 13,300,000	\$ 395,165,000	\$ 14,560,000
Certificates of participation	5,470,000	–	715,000	4,755,000	745,000
Lease liabilities	858,038	–	96,415	761,623	99,329
Premiums (discounts) on bonds payable	21,199,531	3,430,079	1,775,540	22,854,070	–
Net pension liability	53,357,322	51,893,606	6,499,791	98,751,137	–
Severance benefits payable	1,043,701	–	81,793	961,908	56,965
	<u>\$ 456,978,592</u>	<u>\$ 88,738,685</u>	<u>\$ 22,468,539</u>	<u>\$ 523,248,738</u>	<u>\$ 15,461,294</u>

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.

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	\$ –	\$ –	\$ –	\$ 208,764	\$ 208,764
Prepaid items	44,626	–	–	2,659	47,285
Total nonspendable	44,626	–	–	211,423	256,049
Restricted					
Student activities	385,624	–	–	–	385,624
Capital projects levy	882,647	–	–	–	882,647
Operating capital	2,043,797	–	–	–	2,043,797
Achievement and integration	54,162	–	–	–	54,162
Food service	–	–	–	2,055,633	2,055,633
Community education	–	–	–	186,419	186,419
Early childhood family education	–	–	–	93,253	93,253
Adult basic education	–	–	–	15,980	15,980
Long-term facilities maintenance	–	40,175,939	–	–	40,175,939
Capital projects	–	89,154,566	–	–	89,154,566
Debt service	–	–	4,202,276	–	4,202,276
Total restricted	3,366,230	129,330,505	4,202,276	2,351,285	139,250,296
Unassigned					
School readiness program restricted account deficit	–	–	–	(404,838)	(404,838)
Community services restricted account deficit	–	–	–	(66,014)	(66,014)
Unassigned	7,830,688	–	–	–	7,830,688
Total unassigned	7,830,688	–	–	(470,852)	7,359,836
Total	\$ 11,241,544	\$ 129,330,505	\$ 4,202,276	\$ 2,091,856	\$ 146,866,181

B. Minimum Unassigned Fund Balance Policy

The Board of Education has formally adopted a fund balance policy regarding the unassigned fund balance for the General Fund. The policy states that the District will strive to maintain a minimum unassigned General Fund balance of 8.0 percent, which equates to one month of operating expenditures. This policy shall also apply to the administration of the Food Service Special Revenue Fund and the Community Service Special Revenue Fund, with proper consideration and adjustment to conform with reserve limits established by state statutes. At June 30, 2023, the unassigned fund balance of the General Fund was 5.9 percent of total fiscal 2023 expenditures, or 3.1 weeks of operating expenditures.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

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

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

2. Teachers Retirement Association (TRA)

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

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

B. Benefits Provided

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

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

1. GERF Benefits

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

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

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

2. TRA Benefits

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

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

Tier I Benefits

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

With these provisions:

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

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

Tier II Benefits

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

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

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

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

C. Contributions

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

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2023 and the District was required to contribute 7.5 percent for Coordinated Plan members. The District's contributions to the GERF for the year ended June 30, 2023, were \$1,631,372. 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 \$5,106,575. The District's contributions were equal to the required contributions for each year as set by state statutes.

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

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

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

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

D. Pension Costs

1. GERF Pension Costs

At June 30, 2023, the District reported a liability of \$21,487,049 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 \$629,815. 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 0.2713 percent at the end of the measurement period and 0.2632 percent for the beginning of the period.

District's proportionate share of the net pension liability	\$ 21,487,049
State's proportionate share of the net pension liability associated with the District	\$ 629,815

For the year ended June 30, 2023, the District recognized pension expense of \$2,882,548 for its proportionate share of the GERF's pension expense. In addition, the District recognized an additional \$94,142 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the GERF.

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 179,476	\$ 223,458
Changes in actuarial assumptions	4,722,108	88,101
Net collective difference between projected and actual investment earnings	624,567	—
Changes in proportion	259,430	335,028
District's contributions to the GERP subsequent to the measurement date	<u>1,631,372</u>	<u>—</u>
Total	<u><u>\$ 7,416,953</u></u>	<u><u>\$ 646,587</u></u>

The \$1,631,372 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	\$ 1,800,932
2025	\$ 1,911,438
2026	\$ (516,561)
2027	\$ 1,943,185

2. TRA Pension Costs

At June 30, 2023, the District reported a liability of \$77,264,088 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Minneapolis School District. The District's proportionate share was 0.9649 percent at the end of the measurement period and 0.9624 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	\$ 77,264,088
State's proportionate share of the net pension liability associated with the District	\$ 5,730,060

For the year ended June 30, 2023, the District recognized negative pension expense of \$13,957,149. It also recognized \$787,901 as an increase to pension expense for the support provided by direct aid.

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,122,683	\$ 676,082
Changes in actuarial assumptions	12,345,242	16,120,173
Net collective difference between projected and actual investment earnings on pension plan investments	2,208,222	–
Changes in proportion	1,668,847	101,984
District's contributions to the TRA subsequent to the measurement date	5,106,575	–
Total	<u>\$ 22,451,569</u>	<u>\$ 16,898,239</u>

A total of \$5,106,575 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	\$ (12,756,939)
2025	\$ 2,166,778
2026	\$ 783,270
2027	\$ 10,180,939
2028	\$ 72,707

E. Long-Term Expected Return on Investment

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

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

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

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

F. Actuarial Methods and Assumptions

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

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

1. GERF

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

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

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

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

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

2. TRA

Salary increases were based on a service-related table.

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

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

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

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

The following changes in actuarial assumptions occurred in 2022:

1. GERF

CHANGES IN ACTUARIAL ASSUMPTIONS

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

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

- None.

G. Discount Rate

1. GERF

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

2. TRA

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

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

H. Pension Liability Sensitivity

The following table presents the District's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in 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	\$ 33,939,920	\$ 21,487,049	\$ 11,273,774
TRA discount rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	\$ 121,802,627	\$ 77,264,088	\$ 40,756,373

I. Pension Plan Fiduciary Net Position

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

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

NOTE 8 – 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. Management of the plan is vested with the District's Board of Education. All post-employment benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements.

The 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 upon retirement have the option under state law to continue their medical insurance coverage through the District. For members of certain employee groups, the District pays for all or part of the eligible retiree's premiums for medical and/or dental insurance from the time of retirement until the employee reaches the age of eligibility for Medicare. Benefits paid by the District differ by bargaining unit and date of hire, with some contracts specifying a certain dollar amount per month, and some covering premium costs as defined within each collective bargaining agreement. Retirees not eligible for these district-paid premium benefits must pay the full district premium rate for their coverage.

Under the terms of certain collectively bargained employment contracts, the District is required to pay the health insurance premiums for retired employees until they reach certain age levels. For employees meeting certain length of service experience requirements, the amount to be paid is equal to the same insurance premium benefit as a full-time employee in the retiring employee's respective bargaining unit.

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 until the retiree reaches Medicare eligibility, 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 periodically by the District. These contributions are not actuarially determined, statutorily mandated, or contractually established.

D. Membership

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

Retirees and beneficiaries receiving benefits	180
Active plan members	<u>1,170</u>
Total members	<u><u>1,350</u></u>

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, 2021. The components of the net OPEB liability (asset) of the District at year-end were as follows:

Total OPEB liability	\$ 16,649,317
Plan fiduciary net position	<u>29,962,721</u>
District's net OPEB Plan asset	<u>\$ (13,313,404)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>180.0%</u>

F. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2021 with a measurement date 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	5.20%
Expected long-term investment return	5.20% (net of investment expenses)
20-year municipal bond yield	3.90%
Inflation rate	2.50%
Salary increases	Service graded table
Healthcare trend rate	6.50% grading to 5.00% over 5 years, then 4.00% over the next 48 years
Dental trend rate	N/A

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2020 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 Board of Education by a majority vote of its members. It is the policy of the Board of Education 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.

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic equity	20.00 %	7.65 %
International equity	10.00	8.00 %
Fixed income	<u>70.00</u>	4.10 %
Total	<u>100.00 %</u>	5.20 %

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 3.4 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 5.20 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.

I. Changes in the Net OPEB Liability (Asset)

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a-b)
Beginning balance – July 1, 2022	\$ 16,128,445	\$ 30,174,378	\$ (14,045,933)
Changes for the year			
Service cost	833,279	–	833,279
Interest	852,143	–	852,143
Net investment income	–	1,014,604	(1,014,604)
Benefit payments	(1,164,550)	(1,164,550)	–
Administrative expenses	–	(61,711)	61,711
Total net changes	520,872	(211,657)	732,529
Ending balance – June 30, 2023	\$ 16,649,317	\$ 29,962,721	\$ (13,313,404)

Assumption changes since the prior measurement date include the following:

- The inflation rate was changed from 2.00 percent to 2.50 percent.

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

The following presents the net OPEB liability (asset) of the District, as well as what the District's net OPEB liability (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	4.20%	5.20%	6.20%
Net OPEB liability (asset)	\$ (12,400,667)	\$ (13,313,404)	\$ (14,179,051)

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

	<u>1% Decrease in Medical Cost Trend Rate</u>	<u>Medical Cost Trend Rate</u>	<u>1% Increase in Medical Cost Trend Rate</u>
Healthcare trend rate	5.50% decreasing to 4.00%, then 3.00%	6.50% decreasing to 5.00%, then 4.00%	7.50% decreasing to 6.00%, then 5.00%
Dental trend rate	Not Applicable	Not Applicable	Not Applicable
Net OPEB liability (asset)	\$ (14,673,117)	\$ (13,313,404)	\$ (11,747,920)

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 \$103,225. 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>
Difference between projected and actual investment experience	\$ 2,754,202	\$ –
Differences between expected and actual economic experience	–	3,331,951
Changes in actuarial assumptions	512,393	595,855
Total	<u>\$ 3,266,595</u>	<u>\$ 3,927,806</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,	OPEB Expense Amount
2024	\$ (133,438)
2025	\$ 298,033
2026	\$ 785,942
2027	\$ (279,955)
2028	\$ (332,948)
Thereafter	\$ (998,845)

NOTE 9 – 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 to the Plan for health insurance, medical care, and dependent care benefits.

Before the beginning of the Plan year, which is from October 1 to September 30, 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 and dental) 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 District’s Self-Insured Health Benefits Internal Service Fund.

Amounts withheld for medical reimbursement and dependent care are held in the District’s cash account. Payments are made by the District to participating employees upon submitting a request for reimbursement of eligible expenses incurred by the employee. The medical reimbursement and dependent care activity is included in the financial statements in the General Fund.

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

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Funding

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

B. Legal Claims

The District has the usual and customary types of miscellaneous legal claims pending at year end, mostly of a minor nature and usually covered by insurance carried for that purpose. 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.

C. Construction Commitments

At June 30, 2023, the District has contract commitments on outstanding capital projects totaling \$54,964,374.

NOTE 11 – INTERFUND BALANCES

A. Interfund Balances

The District had the following interfund receivables and payables at June 30, 2023:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 1,164,550	\$ –
Post-Employment Benefits Trust Fund	–	1,164,550
	<u>\$ 1,164,550</u>	<u>\$ 1,164,550</u>

The balance of \$1,164,550 represents interfund amounts due to the General Fund relating to post-employment benefit costs to be reimbursed as of June 30, 2023.

NOTE 12 – DEFICIT FUND BALANCE

At June 30, 2023, the Community Service Special Revenue Fund had a deficit fund balance of \$172,541. This deficit will be funded by future revenues of the fund or transfers from the District's General Fund.

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REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 624

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	0.2881%	\$ 13,533,495	\$ —	\$ 13,533,495	\$ 15,141,559	89.38%	78.70%
06/30/2016	06/30/2015	0.2621%	\$ 13,593,383	\$ —	\$ 13,593,383	\$ 15,392,229	88.31%	78.20%
06/30/2017	06/30/2016	0.2617%	\$ 21,248,742	\$ 277,498	\$ 21,526,240	\$ 16,247,523	130.78%	68.90%
06/30/2018	06/30/2017	0.2649%	\$ 16,911,041	\$ 212,658	\$ 17,123,699	\$ 17,079,232	99.02%	75.90%
06/30/2019	06/30/2018	0.2664%	\$ 14,778,779	\$ 484,879	\$ 15,263,658	\$ 17,884,311	82.64%	79.50%
06/30/2020	06/30/2019	0.2754%	\$ 15,226,250	\$ 473,146	\$ 15,699,396	\$ 19,464,670	78.23%	80.20%
06/30/2021	06/30/2020	0.2735%	\$ 16,397,576	\$ 505,762	\$ 16,903,338	\$ 19,502,696	84.08%	79.10%
06/30/2022	06/30/2021	0.2632%	\$ 11,239,820	\$ 343,320	\$ 11,583,140	\$ 18,890,240	59.50%	87.00%
06/30/2023	06/30/2022	0.2713%	\$ 21,487,049	\$ 629,815	\$ 22,116,864	\$ 20,363,339	105.52%	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	\$ 1,136,075	\$ 1,136,075	\$ —	\$ 15,392,229	7.38%
06/30/2016	\$ 1,217,164	\$ 1,217,164	\$ —	\$ 16,247,523	7.49%
06/30/2017	\$ 1,279,881	\$ 1,279,881	\$ —	\$ 17,079,232	7.49%
06/30/2018	\$ 1,308,024	\$ 1,308,024	\$ —	\$ 17,884,311	7.31%
06/30/2019	\$ 1,461,462	\$ 1,461,462	\$ —	\$ 19,464,670	7.51%
06/30/2020	\$ 1,461,838	\$ 1,461,838	\$ —	\$ 19,502,696	7.50%
06/30/2021	\$ 1,417,454	\$ 1,417,454	\$ —	\$ 18,890,240	7.50%
06/30/2022	\$ 1,523,905	\$ 1,523,905	\$ —	\$ 20,363,339	7.48%
06/30/2023	\$ 1,631,372	\$ 1,631,372	\$ —	\$ 21,769,755	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. 624

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	0.9397%	\$ 43,300,699	\$ 3,046,126	\$ 46,346,825	\$ 42,893,740	100.95%	81.50%
06/30/2016	06/30/2015	0.8865%	\$ 54,838,792	\$ 6,726,246	\$ 61,565,038	\$ 45,042,877	121.75%	76.80%
06/30/2017	06/30/2016	0.8942%	\$213,288,036	\$ 21,409,547	\$234,697,583	\$ 46,555,078	458.14%	44.88%
06/30/2018	06/30/2017	0.9179%	\$183,229,491	\$ 17,711,671	\$200,941,162	\$ 49,460,864	370.45%	51.57%
06/30/2019	06/30/2018	0.9513%	\$ 59,750,544	\$ 5,613,868	\$ 65,364,412	\$ 52,725,107	113.32%	78.07%
06/30/2020	06/30/2019	0.9597%	\$ 61,171,480	\$ 5,413,333	\$ 66,584,813	\$ 54,458,685	112.33%	78.21%
06/30/2021	06/30/2020	0.9565%	\$ 70,667,502	\$ 5,922,384	\$ 76,589,886	\$ 55,665,004	126.95%	75.48%
06/30/2022	06/30/2021	0.9624%	\$ 42,117,502	\$ 3,552,249	\$ 45,669,751	\$ 57,587,737	73.14%	86.63%
06/30/2023	06/30/2022	0.9649%	\$ 77,264,088	\$ 5,730,060	\$ 82,994,148	\$ 59,664,657	129.50%	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	\$ 3,354,309	\$ 3,354,309	\$ —	\$ 45,042,877	7.45%
06/30/2016	\$ 3,470,600	\$ 3,470,600	\$ —	\$ 46,555,078	7.45%
06/30/2017	\$ 3,705,834	\$ 3,705,834	\$ —	\$ 49,460,864	7.49%
06/30/2018	\$ 3,909,984	\$ 3,909,984	\$ —	\$ 52,725,107	7.42%
06/30/2019	\$ 4,204,342	\$ 4,204,342	\$ —	\$ 54,458,685	7.72%
06/30/2020	\$ 4,402,820	\$ 4,402,820	\$ —	\$ 55,665,004	7.91%
06/30/2021	\$ 4,682,353	\$ 4,682,353	\$ —	\$ 57,587,737	8.13%
06/30/2022	\$ 4,974,303	\$ 4,974,303	\$ —	\$ 59,664,657	8.34%
06/30/2023	\$ 5,106,575	\$ 5,106,575	\$ —	\$ 59,794,309	8.54%

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. 624

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

	Fiscal Year						
	2017	2018	2019	2020	2021	2022	2023
Total OPEB liability							
Service cost	\$ 623,228	\$ 588,099	\$ 798,772	\$ 777,702	\$ 799,784	\$ 809,009	\$ 833,279
Interest	1,017,110	1,020,084	952,900	848,893	777,409	903,452	852,143
Plan changes	–	770,441	869,885	–	1,791,586	2,062,912	–
Benefit payments	(1,890,826)	(1,210,527)	(1,938,530)	(1,250,051)	(2,528,532)	(1,742,959)	(1,164,550)
Assumption changes	–	(173,787)	1,180,644	(791,972)	(405,326)	218,837	–
Difference between expected and actual experience	–	(1,966,026)	–	(495,690)	–	(3,548,318)	–
Net change in total OPEB liability	(250,488)	(971,716)	1,863,671	(911,118)	434,921	(1,297,067)	520,872
Total OPEB liability – beginning of year	17,260,242	17,009,754	16,038,038	17,901,709	16,990,591	17,425,512	16,128,445
Total OPEB liability – end of year	17,009,754	16,038,038	17,901,709	16,990,591	17,425,512	16,128,445	16,649,317
Plan fiduciary net position							
Net investment income (losses)	2,955,759	2,047,451	2,279,203	2,182,122	5,045,592	(4,359,030)	1,014,604
Benefit payments	(1,890,826)	(1,210,527)	(1,938,530)	(1,250,051)	(2,528,532)	(1,742,959)	(1,164,550)
Administrative expenses	(121,014)	(117,870)	(62,189)	(79,342)	(66,214)	(73,490)	(61,711)
Net change in plan fiduciary net position	943,919	719,054	278,484	852,729	2,450,846	(6,175,479)	(211,657)
Plan fiduciary net position – beginning of year	31,104,825	32,048,744	32,767,798	33,046,282	33,899,011	36,349,857	30,174,378
Plan fiduciary net position – end of year	32,048,744	32,767,798	33,046,282	33,899,011	36,349,857	30,174,378	29,962,721
Net OPEB liability (asset)	<u>\$ (15,038,990)</u>	<u>\$ (16,729,760)</u>	<u>\$ (15,144,573)</u>	<u>\$ (16,908,420)</u>	<u>\$ (18,924,345)</u>	<u>\$ (14,045,933)</u>	<u>\$ (13,313,404)</u>
Fiduciary net position as a percentage of the total OPEB liability	<u>188.41%</u>	<u>204.31%</u>	<u>184.60%</u>	<u>199.52%</u>	<u>208.60%</u>	<u>187.09%</u>	<u>179.96%</u>
Covered-employee payroll	<u>\$ 56,513,934</u>	<u>\$ 63,541,808</u>	<u>\$ 65,488,063</u>	<u>\$ 72,403,729</u>	<u>\$ 74,575,841</u>	<u>\$ 76,137,330</u>	<u>\$ 78,421,450</u>
Net OPEB liability (asset) as a percentage of covered-employee payroll	<u>(26.61%)</u>	<u>(26.33%)</u>	<u>(23.13%)</u>	<u>(23.35%)</u>	<u>(25.38%)</u>	<u>(18.45%)</u>	<u>(16.98%)</u>

Note 1: The 2017 information has been updated to reflect the prior period adjustment reported in the year ended June 30, 2018.

Note 2: 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. 624

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

<u>Fiscal Year</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2017	9.5%
2018	6.4%
2019	7.0%
2020	6.6%
2021	14.9%
2022	(12.0%)
2023	3.4%

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.

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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. 624

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. 624

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. 624

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. 624

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. 624

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

OTHER POST-EMPLOYMENT BENEFITS PLAN

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The inflation rate was changed from 2.00 percent to 2.50 percent.

2022 CHANGES IN PLAN PROVISIONS

- The administrators' and principals' district-paid life insurance face amounts increased from \$150,000 to \$200,000 and \$300,000, respectively.
- Teachers and principals who attain age 55 with 15 years of service will receive a lump sum to a Health Reimbursement Account (HRA) at retirement. The amount is based on having unused sick days at retirement for eligibility with lump sum amounts resulting at \$10,000, \$12,500 or \$15,000.
- Teachers who attain age 55 with 3 years of service will receive a \$6,800 lump sum to an HRA for each year they substitute at least 65 days per year after retirement, up to a maximum of 10 years. We have assumed 10 percent of retired teachers will receive this benefit.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2020 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.

2021 CHANGES IN PLAN PROVISIONS

- Twenty-three teachers each received \$50,000 and fourteen other employees received \$10,000 paid to an HRA from a severance incentive program.
- One employee received a lump sum payment to an HRA instead of five years of district-paid health insurance premiums.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The inflation rate was changed from 2.50 percent to 2.00 percent.
- The expected long-term investment return and discount rate was changed from 4.70 percent to 5.20 percent.

INDEPENDENT SCHOOL DISTRICT NO. 624

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

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2020 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-2016 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2018 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.

2019 CHANGES IN PLAN PROVISIONS

- Twenty-three teachers received \$30,000 in contributions during the 2018–2019 plan year from a severance incentive program. The retirement rates for these teachers were adjusted to reflect their actual retirement dates.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 6.00 percent to 4.70 percent.
- The discount rate was changed from 6.00 percent to 4.70 percent.

2018 CHANGES IN PLAN PROVISIONS

- Administrators added a sunset date of January 1, 2016. Employees hired after this date are no longer eligible for subsidized post-employment medical, dental, and life insurance benefits.
- After January 1, 2017, teachers who are eligible for subsidized post-employment medical and dental benefits, but who elect to waive coverage at retirement, will receive lump sum payments. The lump sum amount will equal the medical and dental premiums at the time of retirement, multiplied by the lesser of eight years or the number of years to Medicare eligibility.
- Teachers hired between 1985 and 2003, who are not eligible for subsidized post-employment insurance benefits, will receive a contribution to an HRA upon retirement. The amount of the contribution varies by hire year, multiplied by the number of years of service after July 1, 2017.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The medical trend rate was changed from 7.00 percent grading to 5.00 percent over eight years, to 6.50 percent grading to 5.00 percent over six years.
- 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-2016 Generational Improvement Scale.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 4.50 percent to 6.00 percent.

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SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	Special Revenue Funds		
	Food Service	Community Service	Total
Assets			
Cash and temporary investments	\$ 2,270,974	\$ 856,214	\$ 3,127,188
Receivables			
Current taxes	—	629,562	629,562
Delinquent taxes	—	11,728	11,728
Accounts and interest	35,133	3,740	38,873
Due from other governmental units	137,362	97,188	234,550
Inventory	208,764	—	208,764
Prepaid items	—	2,659	2,659
Total assets	<u>\$ 2,652,233</u>	<u>\$ 1,601,091</u>	<u>\$ 4,253,324</u>
Liabilities			
Salaries payable	\$ 9,342	\$ 141,715	\$ 151,057
Accounts and contracts payable	233,333	145,755	379,088
Due to other governmental units	—	81,985	81,985
Unearned revenue	145,161	209,387	354,548
Total liabilities	<u>387,836</u>	<u>578,842</u>	<u>966,678</u>
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	—	14,178	14,178
Property taxes levied for subsequent year	—	1,180,612	1,180,612
Total deferred inflows of resources	<u>—</u>	<u>1,194,790</u>	<u>1,194,790</u>
Fund balances (deficit)			
Nonspendable for inventory	208,764	—	208,764
Nonspendable for prepaids	—	2,659	2,659
Restricted	2,055,633	295,652	2,351,285
Unassigned	—	(470,852)	(470,852)
Total fund balances (deficit)	<u>2,264,397</u>	<u>(172,541)</u>	<u>2,091,856</u>
Total liabilities, deferred inflows of resources, and fund balances (deficit)	<u>\$ 2,652,233</u>	<u>\$ 1,601,091</u>	<u>\$ 4,253,324</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

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	\$ —	\$ 1,158,557	\$ 1,158,557
Investment earnings	48,651	24,276	72,927
Other	2,148,957	5,201,931	7,350,888
State sources	259,221	950,764	1,209,985
Federal sources	2,826,940	—	2,826,940
Total revenue	5,283,769	7,335,528	12,619,297
Expenditures			
Current			
Food service	5,613,335	—	5,613,335
Community service	—	8,145,962	8,145,962
Capital outlay	527,328	29,515	556,843
Total expenditures	6,140,663	8,175,477	14,316,140
Excess (deficiency) of revenue over expenditures	(856,894)	(839,949)	(1,696,843)
Other financing sources			
Proceeds from sale of assets	26,242	—	26,242
Net change in fund balance	(830,652)	(839,949)	(1,670,601)
Fund balances (deficit)			
Beginning of year	3,095,049	667,408	3,762,457
End of year	\$ 2,264,397	\$ (172,541)	\$ 2,091,856

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	\$ 14,875,234	\$ 9,797,829
Receivables		
Current taxes	17,364,851	17,050,877
Delinquent taxes	320,915	344,342
Accounts and interest	90,824	152,942
Due from other governmental units	11,586,375	15,045,721
Due from other funds	1,164,550	4,271,493
Lease	4,154,267	4,304,368
Prepaid items	<u>44,626</u>	<u>712,804</u>
Total assets	<u><u>\$ 49,601,642</u></u>	<u><u>\$ 51,680,376</u></u>
Liabilities		
Salaries payable	\$ 426,002	\$ 364,788
Accounts and contracts payable	2,456,538	1,594,943
Due to other governmental units	376,782	344,071
Due to other funds	<u>—</u>	<u>98,603</u>
Total liabilities	3,259,322	2,402,405
Deferred inflows of resources		
Lease revenue for subsequent years	4,154,267	4,304,368
Unavailable revenue – delinquent taxes	389,094	214,532
Property taxes levied for subsequent year	<u>30,557,415</u>	<u>30,603,008</u>
Total deferred inflows of resources	35,100,776	35,121,908
Fund balances		
Nonspendable for prepaid items	44,626	712,804
Restricted for student activities	385,624	440,281
Restricted for capital projects levy	882,647	712,280
Restricted for operating capital	2,043,797	2,293,520
Restricted for achievement and integration	54,162	84,219
Unassigned	<u>7,830,688</u>	<u>9,912,959</u>
Total fund balances	<u><u>11,241,544</u></u>	<u><u>14,156,063</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 49,601,642</u></u>	<u><u>\$ 51,680,376</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 624

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	\$ 32,543,876	\$ 32,871,766	\$ 327,890	\$ 31,751,273
Investment earnings	150,000	326,516	176,516	16,139
Other	2,382,710	3,180,846	798,136	3,269,929
State sources	86,766,131	87,901,945	1,135,814	86,336,067
Federal sources	7,150,642	5,937,405	(1,213,237)	9,200,177
Total revenue	128,993,359	130,218,478	1,225,119	130,573,585
Expenditures				
Current				
Administration				
Salaries	3,439,759	3,454,253	14,494	3,389,531
Employee benefits	1,241,355	1,215,915	(25,440)	1,197,999
Purchased services	221,324	182,227	(39,097)	157,116
Supplies and materials	16,321	24,294	7,973	26,560
Other expenditures	62,224	73,234	11,010	88,154
Total administration	4,980,983	4,949,923	(31,060)	4,859,360
District support services				
Salaries	1,516,819	1,525,340	8,521	1,503,440
Employee benefits	541,198	558,970	17,772	552,523
Purchased services	383,759	464,466	80,707	407,989
Supplies and materials	117,730	155,652	37,922	92,011
Other expenditures	25,543	8,536	(17,007)	15,854
Total district support services	2,585,049	2,712,964	127,915	2,571,817
Elementary and secondary regular instruction				
Salaries	37,629,839	36,731,709	(898,130)	37,413,606
Employee benefits	12,766,082	12,747,086	(18,996)	12,352,940
Purchased services	1,440,224	2,043,393	603,169	2,296,262
Supplies and materials	2,449,783	1,818,305	(631,478)	1,628,435
Capital expenditures	219,873	332,198	112,325	251,927
Other expenditures	271,330	577,161	305,831	491,642
Total elementary and secondary regular instruction	54,777,131	54,249,852	(527,279)	54,434,812

INDEPENDENT SCHOOL DISTRICT NO. 624

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	779,847	1,073,137	293,290	644,014
Employee benefits	271,572	382,302	110,730	242,884
Purchased services	231,063	234,208	3,145	284,697
Supplies and materials	33,116	44,910	11,794	46,215
Capital expenditures	—	6,970	6,970	—
Other expenditures	—	4,010	4,010	7,316
Total vocational education instruction	1,315,598	1,745,537	429,939	1,225,126
Special education instruction				
Salaries	19,074,647	18,828,451	(246,196)	17,781,023
Employee benefits	7,293,141	7,232,011	(61,130)	6,962,383
Purchased services	1,643,801	1,596,475	(47,326)	1,584,610
Supplies and materials	184,279	207,888	23,609	168,426
Capital expenditures	70,000	7,545	(62,455)	165,291
Other expenditures	30,553	98,128	67,575	103,532
Total special education instruction	28,296,421	27,970,498	(325,923)	26,765,265
Community education				
Salaries	—	249,111	249,111	142,984
Employee benefits	—	68,521	68,521	39,619
Total community education	—	317,632	317,632	182,603
Instructional support services				
Salaries	5,726,336	5,644,536	(81,800)	5,643,876
Employee benefits	2,010,913	1,961,456	(49,457)	1,860,814
Purchased services	696,329	403,718	(292,611)	555,437
Supplies and materials	1,868,498	954,877	(913,621)	2,323,028
Capital expenditures	—	345,714	345,714	161,492
Other expenditures	8,593	55,606	47,013	49,565
Total instructional support services	10,310,669	9,365,907	(944,762)	10,594,212
Pupil support services				
Salaries	5,428,195	5,306,753	(121,442)	5,464,282
Employee benefits	2,112,849	1,900,685	(212,164)	2,063,081
Purchased services	6,584,155	6,749,715	165,560	6,884,373
Supplies and materials	559,943	703,600	143,657	551,329
Capital expenditures	500,000	557,889	57,889	—
Other expenditures	—	28,955	28,955	29,898
Total pupil support services	15,185,142	15,247,597	62,455	14,992,963

INDEPENDENT SCHOOL DISTRICT NO. 624

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	3,522,951	3,586,016	63,065	3,780,661
Employee benefits	1,544,353	1,524,492	(19,861)	1,432,253
Purchased services	8,885,154	7,870,414	(1,014,740)	9,726,551
Supplies and materials	1,131,678	903,635	(228,043)	897,775
Capital expenditures	573,926	1,012,136	438,210	233,681
Other expenditures	29,185	37,361	8,176	38,457
Total sites and buildings	15,687,247	14,934,054	(753,193)	16,109,378
Fiscal and other fixed cost programs				
Purchased services	489,541	600,003	110,462	466,359
Debt service				
Principal	715,000	811,415	96,415	785,406
Interest and fiscal charges	243,350	278,208	34,858	293,382
Total debt service	958,350	1,089,623	131,273	1,078,788
Total expenditures	134,586,131	133,183,590	(1,402,541)	133,280,683
Excess (deficiency) of revenue over expenditures	(5,592,772)	(2,965,112)	2,627,660	(2,707,098)
Other financing sources				
Proceeds from sale of assets	—	—	—	58,657
Insurance recovery	—	50,593	50,593	—
Total other financing sources	—	50,593	50,593	58,657
Net change in fund balances	<u>\$ (5,592,772)</u>	(2,914,519)	<u>\$ 2,678,253</u>	(2,648,441)
Fund balances				
Beginning of year		14,156,063		16,804,504
End of year		<u>\$ 11,241,544</u>		<u>\$ 14,156,063</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

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	\$ 2,270,974	\$ 2,716,218
Receivables		
Accounts and interest	35,133	289
Due from other governmental units	137,362	274,395
Inventory	<u>208,764</u>	<u>216,549</u>
Total assets	<u><u>\$ 2,652,233</u></u>	<u><u>\$ 3,207,451</u></u>
Liabilities		
Salaries payable	\$ 9,342	\$ 7,276
Accounts and contracts payable	233,333	51,220
Unearned revenue	<u>145,161</u>	<u>53,906</u>
Total liabilities	387,836	112,402
Fund balances		
Nonspendable for inventory	208,764	216,549
Restricted for food service	<u>2,055,633</u>	<u>2,878,500</u>
Total fund balances	<u><u>2,264,397</u></u>	<u><u>3,095,049</u></u>
Total liabilities and fund balances	<u><u>\$ 2,652,233</u></u>	<u><u>\$ 3,207,451</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 624

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	\$ —	\$ 48,651	\$ 48,651	\$ 1,537
Other – primarily meal sales	1,876,320	2,148,957	272,637	245,625
State sources	233,950	259,221	25,271	192,135
Federal sources	2,776,578	2,826,940	50,362	6,556,364
Total revenue	<u>4,886,848</u>	<u>5,283,769</u>	<u>396,921</u>	<u>6,995,661</u>
Expenditures				
Current				
Salaries	2,355,726	2,339,756	(15,970)	1,705,984
Employee benefits	645,518	629,458	(16,060)	634,392
Purchased services	377,011	263,517	(113,494)	279,426
Supplies and materials	2,382,575	2,369,017	(13,558)	2,476,716
Other expenditures	13,900	11,587	(2,313)	9,124
Capital outlay	470,366	527,328	56,962	202,814
Total expenditures	<u>6,245,096</u>	<u>6,140,663</u>	<u>(104,433)</u>	<u>5,308,456</u>
Excess (deficiency) of revenue over expenditures	(1,358,248)	(856,894)	501,354	1,687,205
Other financing sources				
Proceeds from sale of assets	<u>25,000</u>	<u>26,242</u>	<u>1,242</u>	<u>2,694</u>
Net change in fund balances	<u>\$ (1,333,248)</u>	<u>(830,652)</u>	<u>\$ 502,596</u>	<u>1,689,899</u>
Fund balances				
Beginning of year		<u>3,095,049</u>		<u>1,405,150</u>
End of year		<u>\$ 2,264,397</u>		<u>\$ 3,095,049</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

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	\$ 856,214	\$ 1,610,031
Receivables		
Current taxes	629,562	619,189
Delinquent taxes	11,728	12,848
Accounts and interest	3,740	4,829
Due from other governmental units	97,188	133,153
Prepaid items	<u>2,659</u>	<u>100</u>
Total assets	<u><u>\$ 1,601,091</u></u>	<u><u>\$ 2,380,150</u></u>
Liabilities		
Salaries payable	\$ 141,715	\$ 104,480
Accounts and contracts payable	145,755	143,208
Due to other governmental units	81,985	42,715
Unearned revenue	<u>209,387</u>	<u>244,500</u>
Total liabilities	578,842	534,903
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	14,178	8,150
Property taxes levied for subsequent year	<u>1,180,612</u>	<u>1,169,689</u>
Total deferred inflows of resources	1,194,790	1,177,839
Fund balances (deficit)		
Nonspendable for prepaid items	2,659	100
Restricted for community education	186,419	623,576
Restricted for early childhood family education	93,253	118,443
Restricted for adult basic education	15,980	–
Unassigned – school readiness program restricted account deficit	(404,838)	(36,548)
Unassigned – community services restricted account deficit	<u>(66,014)</u>	<u>(38,163)</u>
Total fund balances (deficit)	<u>(172,541)</u>	<u>667,408</u>
Total liabilities, deferred inflows of resources, and fund balances (deficit)	<u><u>\$ 1,601,091</u></u>	<u><u>\$ 2,380,150</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 624

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	\$ 1,127,089	\$ 1,158,557	\$ 31,468	\$ 1,164,816
Investment earnings	500	24,276	23,776	1,384
Other – primarily tuition and fees	4,839,909	5,201,931	362,022	4,883,703
State sources	1,100,286	950,764	(149,522)	955,380
Federal sources	–	–	–	154,350
Total revenue	<u>7,067,784</u>	<u>7,335,528</u>	<u>267,744</u>	<u>7,159,633</u>
Expenditures				
Current				
Salaries	4,774,264	5,053,739	279,475	4,313,857
Employee benefits	1,242,988	1,544,643	301,655	1,366,066
Purchased services	1,029,310	1,214,262	184,952	1,220,453
Supplies and materials	173,770	315,775	142,005	318,987
Other expenditures	7,899	17,543	9,644	9,258
Capital outlay	<u>26,050</u>	<u>29,515</u>	<u>3,465</u>	<u>58,780</u>
Total expenditures	<u>7,254,281</u>	<u>8,175,477</u>	<u>921,196</u>	<u>7,287,401</u>
Net change in fund balances	<u>\$ (186,497)</u>	<u>(839,949)</u>	<u>\$ (653,452)</u>	<u>(127,768)</u>
Fund balances (deficit)				
Beginning of year		<u>667,408</u>		<u>795,176</u>
End of year		<u>\$ (172,541)</u>		<u>\$ 667,408</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

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	\$ 151,555,305	\$ 226,171,509
Cash and investments held by trustee	62,000	62,000
Receivables		
Accounts and interest	<u>500,948</u>	<u>2,018,423</u>
Total assets	<u><u>\$ 152,118,253</u></u>	<u><u>\$ 228,251,932</u></u>
Liabilities		
Salaries payable	\$ 163	\$ 11,692
Accounts and contracts payable	22,784,024	38,256,046
Due to other governmental units	<u>3,561</u>	<u>420,790</u>
Total liabilities	<u>22,787,748</u>	<u>38,688,528</u>
Fund balances		
Restricted for long-term facilities maintenance	40,175,939	30,579,880
Restricted for capital projects	<u>89,154,566</u>	<u>158,983,524</u>
Total fund balances	<u>129,330,505</u>	<u>189,563,404</u>
Total liabilities and fund balances	<u><u>\$ 152,118,253</u></u>	<u><u>\$ 228,251,932</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 624

Capital Projects – Building Construction Fund
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 (charges)	\$ 4,944,334	\$ (1,593,778)
Other	251	5,230
Total revenue	<u>4,944,585</u>	<u>(1,588,548)</u>
Expenditures		
Capital outlay		
Salaries	414,993	326,824
Employee benefits	125,353	96,898
Purchased services	18,089,406	18,866,335
Supplies and materials	753,272	468,502
Capital expenditures	82,502,579	111,094,857
Other expenditures	3,615	8,633
Debt service		
Fiscal charges and other	133,345	1,004,402
Total expenditures	<u>102,022,563</u>	<u>131,866,451</u>
Excess (deficiency) of revenues over expenditures	(97,077,978)	(133,454,999)
Other financing sources		
Bonds issued	33,415,000	90,374,360
Premium on issuance of bonds	3,430,079	8,131,056
Total other financing sources	<u>36,845,079</u>	<u>98,505,416</u>
Net change in fund balances	(60,232,899)	(34,949,583)
Fund balances		
Beginning of year	<u>189,563,404</u>	<u>224,512,987</u>
End of year	<u><u>\$ 129,330,505</u></u>	<u><u>\$ 189,563,404</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	\$ 17,403,677	\$ 15,995,723
Receivables		
Current taxes	15,047,188	12,531,368
Delinquent taxes	230,631	247,058
Due from other governmental units	<u>18,760</u>	<u>21,277</u>
Total assets	<u><u>\$ 32,700,256</u></u>	<u><u>\$ 28,795,426</u></u>
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	\$ 280,099	\$ 147,843
Property taxes levied for subsequent year	<u>28,217,881</u>	<u>23,672,582</u>
Total deferred inflows of resources	<u>28,497,980</u>	<u>23,820,425</u>
Fund balances		
Restricted for debt service	<u>4,202,276</u>	<u>4,975,001</u>
Total deferred inflows of resources and fund balances	<u><u>\$ 32,700,256</u></u>	<u><u>\$ 28,795,426</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 624

Debt Service 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	\$ 23,681,761	\$ 23,437,272	\$ (244,489)	\$ 24,008,676
Investment earnings	—	222,734	222,734	9,762
State sources	—	186,191	186,191	211,929
Total revenue	<u>23,681,761</u>	<u>23,846,197</u>	<u>164,436</u>	<u>24,230,367</u>
Expenditures				
Debt service				
Principal	13,300,000	13,300,000	—	14,005,000
Interest	11,300,520	11,300,520	—	9,442,788
Fiscal charges and other	—	18,402	18,402	83,984
Total expenditures	<u>24,600,520</u>	<u>24,618,922</u>	<u>18,402</u>	<u>23,531,772</u>
Excess (deficiency) of revenues over expenditures	(918,759)	(772,725)	146,034	698,595
Other financing sources (uses)				
Bonds issued	—	—	—	490,640
Refunding bonds issued	—	—	—	8,280,000
Premium on issuance of bonds	—	—	—	643,214
Payment to refunded bonds escrow agent	—	—	—	(8,850,000)
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>563,854</u>
Net change in fund balances	<u>\$ (918,759)</u>	<u>(772,725)</u>	<u>\$ 146,034</u>	<u>1,262,449</u>
Fund balances				
Beginning of year		<u>4,975,001</u>		<u>3,712,552</u>
End of year		<u>\$ 4,202,276</u>		<u>\$ 4,975,001</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	Self-Insured Health Benefits	Self-Insured Dental Benefits	Totals	
			2023	2022
Assets				
Current assets				
Cash and temporary investments	\$ 6,628,038	\$ 412,455	\$ 7,040,493	\$ 7,038,911
Accounts receivable	1,918	—	1,918	7,891
Due from other funds	—	—	—	98,603
Total assets	6,629,956	412,455	7,042,411	7,145,405
Liabilities				
Current liabilities				
Accounts and contracts payable	324,846	16,410	341,256	323,665
Claims incurred, but not reported	1,256,659	36,484	1,293,143	1,036,253
Unearned revenue	1,062,371	71,245	1,133,616	1,089,234
Total liabilities	2,643,876	124,139	2,768,015	2,449,152
Net position				
Unrestricted	\$ 3,986,080	\$ 288,316	\$ 4,274,396	\$ 4,696,253

INDEPENDENT SCHOOL DISTRICT NO. 624

Proprietary Funds
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)

	Self-Insured Health Benefits	Self-Insured Dental Benefits	Totals	
			2023	2022
Operating revenue				
Charges for services				
Contributions from governmental funds	\$ 14,953,701	\$ 1,077,994	\$ 16,031,695	\$ 16,112,645
Operating expenses				
Health benefit claims	14,440,594	—	14,440,594	14,010,864
Dental benefit claims	—	979,578	979,578	950,056
Administrative costs	1,085,270	50,177	1,135,447	812,648
Total operating expenses	15,525,864	1,029,755	16,555,619	15,773,568
Operating income (loss)	(572,163)	48,239	(523,924)	339,077
Nonoperating revenue				
Investment earnings	96,402	5,665	102,067	5,095
Income (loss) before transfers	(475,761)	53,904	(421,857)	344,172
Transfers in	—	—	—	146,186
Transfers out	—	—	—	(146,186)
Change in net position	(475,761)	53,904	(421,857)	344,172
Net position				
Beginning of year	4,461,841	234,412	4,696,253	4,352,081
End of year	\$ 3,986,080	\$ 288,316	\$ 4,274,396	\$ 4,696,253

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	Self-Insured Health Benefits	Self-Insured Dental Benefits	Total	
			2023	2022
Cash flows from operating activities				
Received from assessments made to other funds	\$ 15,027,674	\$ 1,054,376	\$ 16,082,050	\$ 16,124,604
Self-insurance claims and payments	(15,243,340)	(1,037,798)	(16,281,138)	(15,453,979)
Net cash flows from operating activities	(215,666)	16,578	(199,088)	670,625
Cash flows from noncapital financing activities				
Payments (to) from other funds	98,603	—	98,603	(98,603)
Transfers in	—	—	—	146,186
Transfers out	—	—	—	(146,186)
Net cash flows from noncapital financing activities	98,603	—	98,603	(98,603)
Cash flows from investing activities				
Investment income received	96,402	5,665	102,067	5,095
Net change in cash and cash equivalents	(20,661)	22,243	1,582	577,117
Cash and cash equivalents				
Beginning of year	6,648,699	390,212	7,038,911	6,461,794
End of year	\$ 6,628,038	\$ 412,455	\$ 7,040,493	\$ 7,038,911
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ (572,163)	\$ 48,239	\$ (523,924)	\$ 339,077
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Changes in assets and liabilities				
Accounts and interest receivable	5,973	—	5,973	(7,891)
Accounts and contracts payable	26,504	(8,913)	17,591	75,512
Claims incurred, but not reported	256,020	870	256,890	244,077
Unearned revenue	68,000	(23,618)	44,382	19,850
Net cash flows from operating activities	\$ (215,666)	\$ 16,578	\$ (199,088)	\$ 670,625

STATISTICAL SECTION

III. STATISTICAL SECTION

This part of Independent School District No. 624's (the District) Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

	<u>Pages</u>
Contents	
Financial Trends	104
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	123
These schedules contain information to help the reader assess the District's most significant revenue source, including property tax revenue.	
Debt Capacity	134
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	140
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	142
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. 624

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

	Fiscal Year			
	2014	2015	2016	2017
Governmental activities				
Net investment in capital assets	\$ 5,813,967	\$ 4,292,291	\$ 2,724,245	\$ 392,746
Restricted	3,061,846	2,649,603	4,232,013	5,311,541
Unrestricted	<u>29,521,587</u>	<u>(31,643,658)</u>	<u>(34,024,878)</u>	<u>(83,723,241)</u>
Total governmental activities net position	<u>\$ 38,397,400</u>	<u>\$ (24,701,764)</u>	<u>\$ (27,068,620)</u>	<u>\$ (78,018,954)</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 \$64.1 million. Prior years were not restated.

Note 2: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2017. The District reported a change in accounting principle as a result of implementing these standards that decreased unrestricted net position by approximately \$20.4 million. Prior years were not restated.

Note 3: The District reported a prior period adjustment in fiscal 2018, increasing unrestricted net position by \$1,754,117. Prior fiscal years were not adjusted to reflect the impact of this adjustment.

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 1,189,216	\$ 1,586,630	\$ 5,686,148	\$ 15,910,496	\$ 27,685,397	\$ 43,576,487
5,107,192	6,877,281	7,836,207	20,803,510	20,465,027	18,595,309
<u>(110,887,928)</u>	<u>(84,766,866)</u>	<u>(86,731,311)</u>	<u>(93,117,872)</u>	<u>(89,849,921)</u>	<u>(76,200,055)</u>
<u>\$ (104,591,520)</u>	<u>\$ (76,302,955)</u>	<u>\$ (73,208,956)</u>	<u>\$ (56,403,866)</u>	<u>\$ (41,699,497)</u>	<u>\$ (14,028,259)</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	Fiscal Year			
	2014	2015	2016	2017
Expenses				
Governmental activities				
Administration	\$ 4,437,389	\$ 4,380,829	\$ 4,643,864	\$ 5,928,267
District support services	1,788,239	1,857,194	2,019,904	2,253,207
Elementary and secondary regular instruction	42,224,883	42,172,822	46,747,667	68,377,262
Vocational education instruction	827,110	940,178	881,627	1,762,643
Special education instruction	18,836,586	18,775,086	21,078,601	27,522,420
Community education	—	—	—	—
Instructional support services	6,108,809	7,743,691	8,681,086	9,556,148
Pupil support services	7,805,215	8,819,920	10,551,058	13,297,720
Sites and buildings	9,853,039	11,930,720	13,350,160	12,714,729
Fiscal and other fixed cost programs	383,556	181,837	318,315	318,782
Food service	4,141,595	4,581,519	4,192,500	4,482,465
Community service	4,446,087	4,416,271	5,250,991	6,111,162
Depreciation/amortization not included in other functions	2,083,157	2,092,437	2,585,565	2,550,231
Interest and fiscal charges	3,596,704	4,164,980	3,637,370	3,271,662
Total governmental activities expenses	106,532,369	112,057,484	123,938,708	158,146,698
Program revenues				
Governmental activities				
Charges for services				
Food service	2,389,877	2,270,735	2,258,254	2,326,238
Community service	3,124,923	3,194,068	3,681,104	3,882,256
All other	704,208	615,122	1,880,192	2,197,083
Operating grants and contributions	14,830,987	17,665,380	18,447,942	19,931,774
Capital grants and contributions	624,834	1,079,463	1,030,957	—
Total governmental activities program revenues	21,674,829	24,824,768	27,298,449	28,337,351
Net (expense) revenue	(84,857,540)	(87,232,716)	(96,640,259)	(129,809,347)
General revenues and other changes in net position				
Taxes				
Property taxes, levied for general purposes	19,064,752	19,366,999	20,142,501	20,854,762
Property taxes, levied for capital projects	2,672,002	4,217,786	3,040,084	2,827,643
Property taxes, levied for community service	1,074,426	1,080,401	1,043,053	994,784
Property taxes, levied for debt service	11,540,345	10,484,106	11,013,828	10,930,437
Unrestricted grants and contributions	53,164,405	52,807,290	57,107,216	62,299,098
Other general revenues	898,484	704,250	1,773,329	1,036,621
Investment earnings (charges)	126,850	133,233	153,392	346,582
Total general revenues and other changes in net position	88,541,264	88,794,065	94,273,403	99,289,927
Change in net position	\$ 3,683,724	\$ 1,561,349	\$ (2,366,856)	\$ (30,519,420)

Note: The District reported a prior period adjustment in fiscal 2018, increasing unrestricted net position by \$1,754,117. Prior fiscal years were not adjusted to reflect the impact of this adjustment.

2018	2019	2020	2021	2022	2023
\$ 5,769,605	\$ 3,526,940	\$ 5,070,472	\$ 4,919,742	\$ 4,688,375	\$ 4,248,882
2,402,738	2,359,021	2,577,725	2,237,564	2,481,138	2,701,391
68,598,151	33,989,388	56,797,734	58,447,015	52,924,261	43,661,852
1,920,274	1,393,443	1,685,647	1,178,880	1,201,920	1,559,255
28,707,069	17,297,032	25,958,489	27,336,918	25,983,741	24,392,796
—	—	—	—	182,603	318,509
10,287,078	7,151,776	10,911,975	9,300,831	10,506,017	8,889,914
13,988,252	11,771,090	13,412,477	12,777,966	14,912,442	14,744,264
8,519,866	10,487,501	9,038,418	9,870,490	15,851,701	16,920,276
295,206	293,113	326,531	489,542	466,359	600,003
4,421,186	4,510,000	4,220,848	4,536,347	4,927,006	5,313,481
6,661,744	6,357,060	7,108,410	6,480,611	7,113,877	7,910,049
2,460,982	2,492,595	2,562,513	2,676,851	2,720,457	2,923,287
3,510,445	3,063,233	4,267,078	8,226,489	8,396,438	10,733,565
157,542,596	104,692,192	143,938,317	148,479,246	152,356,335	144,917,524
2,297,045	2,345,752	1,729,584	45,569	245,625	2,148,597
4,390,909	4,562,874	4,131,639	3,766,945	4,883,703	5,201,931
2,507,761	2,696,667	1,890,485	1,837,263	2,550,708	2,512,902
20,164,119	22,617,917	23,418,865	28,132,055	29,734,127	27,710,488
—	—	98,464	185,354	705,483	258,641
29,359,834	32,223,210	31,269,037	33,967,186	38,119,646	37,832,559
(128,182,762)	(72,468,982)	(112,669,280)	(114,512,060)	(114,236,689)	(107,084,965)
20,018,385	21,329,896	21,711,186	23,131,500	19,775,571	21,660,354
3,806,093	4,586,658	4,729,951	5,636,562	12,015,594	1,164,585
897,666	979,104	1,122,545	1,087,949	1,166,133	11,385,974
10,748,427	11,068,394	14,907,766	25,890,298	24,041,401	23,569,528
62,758,162	60,829,833	66,568,401	72,606,053	72,754,487	70,561,794
1,020,920	912,726	1,260,113	974,436	747,733	745,390
606,426	1,050,936	5,463,317	1,990,352	(1,559,861)	5,668,578
99,856,079	100,757,547	115,763,279	131,317,150	128,941,058	134,756,203
\$ (28,326,683)	\$ 28,288,565	\$ 3,093,999	\$ 16,805,090	\$ 14,704,369	\$ 27,671,238

INDEPENDENT SCHOOL DISTRICT NO. 624

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	\$ 25,198,444	\$ 35,162,695	\$ 35,221,900	\$ 35,802,955
Investment earnings (charges)	23,377	52,864	103,638	311,131
Other	7,116,605	6,774,268	9,576,917	9,442,198
State sources	73,689,305	67,092,392	72,091,177	74,746,927
Federal sources	4,507,931	4,459,741	4,494,938	4,777,798
Total revenues	110,535,662	113,541,960	121,488,570	125,081,009
Expenditures				
Current				
Administration	4,360,452	4,368,076	4,319,876	4,428,948
District support services	1,642,913	1,662,845	1,927,834	2,150,921
Elementary and secondary regular instruction	41,901,372	41,958,720	46,242,132	47,911,170
Vocational education instruction	827,110	951,749	880,860	1,534,004
Special education instruction	18,603,528	18,802,623	19,818,791	20,846,113
Community education	—	—	—	—
Instructional support services	5,682,729	7,784,273	8,247,943	7,901,076
Pupil support services	7,805,215	8,879,865	10,489,544	11,625,539
Sites and buildings	16,559,644	9,129,257	8,619,133	8,382,462
Fiscal and other fixed cost programs	383,556	181,837	318,315	318,782
Food service	4,129,395	4,193,228	4,201,804	4,382,438
Community service	4,418,517	4,499,492	5,223,576	5,450,159
Capital outlay	2,120,214	3,618,237	5,587,987	4,848,594
Debt service				
Principal	7,413,817	7,409,918	7,956,156	8,219,137
Interest and fiscal charges	4,170,299	4,449,776	4,094,070	3,800,779
Total expenditures	120,018,761	117,889,896	127,928,021	131,800,122
Excess of revenues over (under) expenditures	(9,483,099)	(4,347,936)	(6,439,451)	(6,719,113)
Other financing sources (uses)				
Debt issued	—	15,270,000	—	—
Premium on bonds issued	—	61,778	—	—
Payments to refunded bond escrow agent	—	—	—	—
Issuance of lease liabilities	8,000,000	—	—	—
Sales of assets	630	13,129	29,540	2,387
Insurance recovery	—	—	—	—
Transfers in	388,000	250,000	1,340,000	—
Transfers out	(388,000)	(250,000)	—	—
Total other financing sources (uses)	8,000,630	15,344,907	1,369,540	2,387
Net change in fund balances	\$ (1,482,469)	\$ 10,996,971	\$ (5,069,911)	\$ (6,716,726)
Debt service as a percentage of noncapital expenditures	10.4%	10.2%	9.6%	9.2%

2018	2019	2020	2021	2022	2023
\$ 35,528,658	\$ 37,919,198	\$ 42,318,235	\$ 55,907,683	\$ 56,924,765	\$ 57,467,595
573,551	972,085	5,387,019	1,982,641	(1,564,956)	5,566,511
10,211,671	10,518,019	9,007,221	6,624,213	8,366,418	10,531,985
78,253,127	82,296,921	84,285,721	86,466,422	87,733,580	89,298,121
4,697,630	5,370,277	5,353,084	14,284,546	15,910,891	8,764,345
129,264,637	137,076,500	146,351,280	165,265,505	167,370,698	171,628,557
4,439,908	4,767,244	4,754,277	4,680,935	4,859,360	4,949,923
2,294,145	2,486,960	2,482,463	2,259,769	2,571,817	2,712,964
50,957,061	51,578,338	52,869,123	55,688,571	54,434,812	54,249,852
1,466,872	1,781,712	1,571,515	1,101,205	1,225,126	1,745,537
22,539,239	23,855,666	24,453,211	25,963,933	26,765,265	27,970,498
—	—	—	—	182,603	317,632
8,699,660	8,842,082	8,398,544	7,883,565	10,594,212	9,365,907
12,723,412	13,093,273	12,929,240	12,694,704	14,992,963	15,247,597
8,271,678	9,332,455	8,369,840	12,434,965	16,109,378	14,934,054
295,206	293,113	326,531	489,542	466,359	600,003
4,335,235	4,515,036	3,991,746	4,113,935	5,105,642	5,613,335
6,122,643	6,888,584	6,888,649	6,394,672	7,228,621	8,145,962
1,232,886	4,202,130	19,649,016	39,213,649	132,128,045	102,446,061
8,705,181	8,962,193	12,775,262	17,162,911	14,790,406	14,111,415
3,776,909	3,464,192	3,108,548	9,454,449	9,820,154	11,730,475
135,860,035	144,062,978	162,567,965	199,536,805	301,274,763	274,141,215
(6,595,398)	(6,986,478)	(16,216,685)	(34,271,300)	(133,904,065)	(102,512,658)
26,245,000	—	250,000,000	15,160,000	99,145,000	33,415,000
1,425,751	—	13,257,479	1,469,939	8,774,270	3,430,079
(11,065,000)	—	—	(16,439,586)	(8,850,000)	—
—	—	—	—	—	—
4,964	—	4,600	—	61,351	26,242
—	—	—	—	—	50,593
—	—	—	—	—	—
—	—	—	—	—	—
16,610,715	—	263,262,079	190,353	99,130,621	36,921,914
\$ 10,015,317	\$ (6,986,478)	\$ 247,045,394	\$ (34,080,947)	\$ (34,773,444)	\$ (65,590,744)
9.3%	8.8%	10.9%	16.7%	8.2%	14.9%

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	Fiscal Year			
	2014	2015	2016	2017
General Fund				
Nonspendable	\$ 188,940	\$ 156,537	\$ 97,470	\$ 315,203
Restricted	1,063,801	457,932	1,638,862	2,117,835
Assigned	15,588,049	12,917,616	10,494,185	10,458,808
Unassigned	11,526,750	13,959,257	15,274,627	12,147,758
Total General Fund	<u>\$ 28,367,540</u>	<u>\$ 27,491,342</u>	<u>\$ 27,505,144</u>	<u>\$ 25,039,604</u>
All other governmental funds				
Nonspendable	\$ 81,257	\$ 101,040	\$ 105,040	\$ 128,309
Restricted				
Special revenue funds	1,118,414	1,532,307	1,694,251	2,029,228
Capital Projects – Building				
Construction Fund	255,422	11,834,116	6,439,036	1,675,062
Debt service funds	2,255,307	2,079,253	2,210,338	2,364,880
Unassigned	(51,191)	(14,338)	–	–
Total all other governmental funds	<u>\$ 3,659,209</u>	<u>\$ 15,532,378</u>	<u>\$ 10,448,665</u>	<u>\$ 6,197,479</u>

2018	2019	2020	2021	2022	2023
\$ 515,138	\$ 407,677	\$ 14,573	\$ 62,849	\$ 712,804	\$ 44,626
1,360,676	3,723,893	6,540,545	4,505,782	3,530,300	3,366,230
5,572,835	3,344,748	2,000,000	2,000,000	—	—
12,426,576	9,602,192	7,228,288	10,235,873	9,912,959	7,830,688
<u>\$ 19,875,225</u>	<u>\$ 17,078,510</u>	<u>\$ 15,783,406</u>	<u>\$ 16,804,504</u>	<u>\$ 14,156,063</u>	<u>\$ 11,241,544</u>
\$ 136,834	\$ 118,871	\$ 261,435	\$ 200,837	\$ 216,649	\$ 211,423
2,133,818	1,849,465	1,022,193	2,038,557	3,620,519	2,351,285
16,397,271	12,556,918	261,314,543	224,512,987	189,563,404	129,330,505
2,709,252	2,662,158	2,929,739	3,712,552	4,975,001	4,202,276
—	—	—	(39,068)	(74,711)	(470,852)
<u>\$ 21,377,175</u>	<u>\$ 17,187,412</u>	<u>\$ 265,527,910</u>	<u>\$ 230,425,865</u>	<u>\$ 198,300,862</u>	<u>\$ 135,624,637</u>

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INDEPENDENT SCHOOL DISTRICT NO. 624

General Fund Revenue by Source
Last Ten Fiscal Years

Year Ended June 30,	Local Property Tax Revenue	State Revenue	Federal Revenue	Other Local and Miscellaneous	Total
2014	\$ 12,956,296 14%	\$ 72,599,880 81%	\$ 2,844,272 3%	\$ 1,621,936 2%	\$ 90,022,384 100%
2015	23,587,670 25%	66,390,402 71%	2,725,971 3%	1,358,971 1%	94,063,014 100%
2016	23,170,610 23%	71,248,577 70%	2,544,801 3%	3,713,551 4%	100,677,539 100%
2017	23,808,740 23%	73,684,350 71%	2,732,657 3%	3,475,642 3%	103,701,389 100%
2018	23,936,695 22%	77,099,110 71%	2,693,184 3%	3,864,518 4%	107,593,507 100%
2019	25,808,561 23%	81,061,081 70%	3,378,693 3%	4,056,534 4%	114,304,869 100%
2020	26,346,415 23%	82,882,935 71%	3,291,408 3%	3,405,038 3%	115,925,796 100%
2021	28,893,600 23%	85,036,779 68%	8,519,267 7%	2,835,871 2%	125,285,517 100%
2022	31,751,273 24%	86,374,136 66%	9,200,177 7%	3,247,999 3%	130,573,585 100%
2023	32,871,766 25%	87,901,945 67%	5,937,405 5%	3,507,362 3%	130,218,478 100%

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. 624

General Fund Expenditures by Program
Last Ten Fiscal Years

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction
2014	\$ 4,360,452 4%	\$ 1,642,913 2%	\$ 41,901,372 43%	\$ 827,110 1%	\$ 18,603,528 19%
2015	4,368,076 5%	1,662,845 2%	41,958,720 44%	951,749 1%	18,802,623 20%
2016	4,319,876 4%	1,927,834 2%	46,242,132 46%	880,860 1%	19,818,791 20%
2017	4,428,948 5%	2,150,921 2%	47,911,170 45%	1,534,004 1%	20,846,113 20%
2018	4,439,908 4%	2,294,145 2%	50,957,061 45%	1,466,872 1%	22,539,239 20%
2019	4,767,244 4%	2,486,960 2%	51,578,338 44%	1,781,712 2%	23,855,666 20%
2020	4,754,277 4%	2,482,463 2%	52,869,123 45%	1,571,515 1%	24,453,211 21%
2021	4,680,935 4%	2,259,769 2%	55,688,571 45%	1,101,205 1%	25,963,933 21%
2022	4,859,360 4%	2,571,817 2%	54,434,812 41%	1,225,126 1%	26,765,265 20%
2023	4,949,923 4%	2,712,964 2%	54,249,852 41%	1,745,537 1%	27,970,498 21%

Community Education		Instructional Support Services	Pupil Support Services	Sites and Buildings	Fiscal, Other Fixed Cost Programs, and Debt Service	Total
\$	—	\$ 5,682,729	\$ 7,805,215	\$ 16,559,644	\$ 819,879	\$ 98,202,843
	—	6%	8%	17%	1%	100%
	—	7,784,273	8,879,865	9,129,257	1,164,933	94,702,341
	—	8%	9%	10%	1%	100%
	—	8,247,943	10,489,544	8,619,133	1,484,470	102,030,583
	—	8%	10%	8%	1%	100%
	—	7,901,076	11,625,539	8,382,462	1,389,083	106,169,316
	—	7%	11%	8%	1%	100%
	—	8,699,660	12,723,412	8,271,678	1,365,911	112,757,886
	—	8%	11%	8%	1%	100%
	—	8,842,082	13,093,273	9,332,455	1,363,854	117,101,584
	—	8%	11%	8%	1%	100%
	—	8,398,544	12,929,240	8,369,840	1,397,287	117,225,500
	—	7%	11%	7%	1%	100%
	—	7,883,565	12,694,704	12,434,965	1,556,772	124,264,419
	—	6%	10%	10%	1%	100%
182,603		10,594,212	14,992,963	16,109,378	1,545,147	133,280,683
	—	8%	11%	12%	1%	100%
317,632		9,365,907	15,247,597	14,934,054	1,689,626	133,183,590
	—	7%	12%	11%	1%	100%

INDEPENDENT SCHOOL DISTRICT NO. 624

Summary of Revenues and Expenditures
for Governmental Funds
Last Ten Fiscal Years

	Fiscal Year			
	2014	2015	2016	2017
Revenues				
General Fund	\$ 90,022,384	\$ 94,063,014	\$ 100,677,539	\$ 103,701,389
Special revenue funds				
Food Service	4,204,291	4,208,560	4,432,336	4,607,261
Community Service	4,621,755	4,772,075	5,343,584	5,647,653
Capital Projects – Building				
Construction Fund	1,586	1,821	19,955	20,549
Debt Service Fund	11,685,646	10,496,490	11,015,156	11,104,157
Total revenues	<u>\$ 110,535,662</u>	<u>\$ 113,541,960</u>	<u>\$ 121,488,570</u>	<u>\$ 125,081,009</u>
Expenditures				
General Fund	\$ 98,202,842	\$ 94,702,341	\$ 102,030,583	\$ 106,169,316
Special revenue funds				
Food Service	4,205,461	4,245,505	4,347,742	4,426,363
Community Service	4,445,004	4,515,800	5,250,818	5,470,711
Capital Projects – Building				
Construction Fund	2,017,661	3,549,652	5,414,807	4,784,117
Debt Service Fund	11,147,793	10,876,598	10,884,071	10,949,615
Total expenditures	<u>\$ 120,018,761</u>	<u>\$ 117,889,896</u>	<u>\$ 127,928,021</u>	<u>\$ 131,800,122</u>

2018	2019	2020	2021	2022	2023
\$ 107,593,507	\$ 114,304,869	\$ 115,925,796	\$ 125,285,517	\$ 130,573,585	\$ 130,218,478
4,558,208	4,610,762	3,982,048	5,397,288	6,995,661	5,283,769
6,081,836	6,544,785	6,390,640	6,491,551	7,159,633	7,335,528
129,387	307,534	4,972,161	1,948,559	(1,588,548)	4,944,585
10,901,699	11,308,550	15,080,635	26,142,590	24,230,367	23,846,197
<u>\$ 129,264,637</u>	<u>\$ 137,076,500</u>	<u>\$ 146,351,280</u>	<u>\$ 165,265,505</u>	<u>\$ 167,370,698</u>	<u>\$ 171,628,557</u>
\$ 112,757,886	\$ 117,101,584	\$ 117,225,500	\$ 124,264,419	\$ 133,280,683	\$ 133,183,590
4,375,549	4,552,813	4,148,747	4,572,349	5,308,456	6,140,663
6,147,818	6,905,050	6,908,649	6,399,792	7,287,401	8,175,477
1,167,397	4,147,887	19,472,015	38,750,115	131,866,451	102,022,563
11,411,385	11,355,644	14,813,054	25,550,130	23,531,772	24,618,922
<u>\$ 135,860,035</u>	<u>\$ 144,062,978</u>	<u>\$ 162,567,965</u>	<u>\$ 199,536,805</u>	<u>\$ 301,274,763</u>	<u>\$ 274,141,215</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

Cash and Investments by Fund
Last Ten Fiscal Years

	Fiscal Year			
	2014	2015	2016	2017
General Fund	\$ 25,331,076	\$ 32,440,239	\$ 30,436,088	\$ 25,600,462
Special revenue funds				
Food Service	315,489	283,747	295,187	463,293
Community Service	1,389,406	1,901,557	1,990,015	2,250,731
Capital Projects – Building Construction Fund	278,236	13,136,829	7,130,933	1,718,169
Debt Service Fund	6,863,009	7,016,828	7,241,862	7,259,123
Internal service funds	3,557,696	5,565,947	4,079,603	3,663,757
Post-Employment Benefits Trust Fund	47,000,965	33,422,551	31,104,825	32,185,452
Scholarship Private-Purpose Trust Fund	40,658	80,964	167,025	153,728
Custodial Fund	—	—	—	—
	<u>\$ 84,776,535</u>	<u>\$ 93,848,662</u>	<u>\$ 82,445,538</u>	<u>\$ 73,294,715</u>

Note 1: The District implemented GASB Statement No. 84, *Fiduciary Fund*, in fiscal 2020. As a result of implementing this standard, the District started to report a Custodial Fund. Prior year amounts have not been restated.

Note 2: This table includes cash and investments held by trustee.

2018	2019	2020	2021	2022	2023
\$ 20,379,909	\$ 15,758,533	\$ 18,163,217	\$ 11,205,708	\$ 9,797,829	\$ 14,875,234
627,316	613,620	285,169	1,099,873	2,716,218	2,270,974
2,307,797	2,025,694	1,307,493	1,259,679	1,610,031	856,214
16,508,518	12,595,789	259,965,642	229,911,496	226,233,509	151,617,305
7,886,379	9,572,210	14,516,319	10,824,021	15,995,723	17,403,677
4,477,099	5,066,433	5,672,784	6,461,794	7,038,911	7,040,493
34,115,030	35,121,517	35,149,062	38,878,391	34,445,871	31,127,271
243,000	172,078	—	—	—	—
—	—	220,371	232,500	229,201	275,579
<u>\$ 86,545,048</u>	<u>\$ 80,925,874</u>	<u>\$335,280,057</u>	<u>\$299,873,462</u>	<u>\$298,067,293</u>	<u>\$225,466,747</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

Expenditures per Student
Last Ten Fiscal Years

	Fiscal Year			
	2014	2015	2016	2017
Expenditures per student				
General Fund				
District-level administration	\$ 344	\$ 343	\$ 365	\$ 374
School-level administration	490	489	488	502
Regular instruction	4,826	4,921	5,292	5,343
Career and technical instruction	101	116	106	181
Special education	2,261	2,281	2,387	2,447
Student activities/athletics	157	152	255	253
Instructional support services	491	548	640	652
Pupil support services	483	473	516	512
Operations, maintenance, and other	935	911	874	879
Student transportation	604	606	702	825
Capital	350	663	673	512
Total General Fund expenditures per student	<u>\$ 11,042</u>	<u>\$ 11,503</u>	<u>\$ 12,300</u>	<u>\$ 12,479</u>
Food Service Special Revenue Fund	<u>\$ 515</u>	<u>\$ 516</u>	<u>\$ 524</u>	<u>\$ 522</u>

Source: Minnesota Department of Education

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 400	\$ 436	\$ 267	\$ 225	\$ 250	\$ 260
499	404	560	597	647	664
5,542	5,655	5,731	6,276	6,202	6,173
168	206	180	130	148	210
2,584	2,758	2,787	3,073	3,210	3,370
276	332	308	296	358	364
659	890	721	792	1,259	1,087
543	560	625	647	805	701
866	992	957	1,489	1,972	1,750
874	920	843	846	1,004	1,070
531	415	485	341	228	404
<u>\$ 12,943</u>	<u>\$ 13,568</u>	<u>\$ 13,464</u>	<u>\$ 14,712</u>	<u>\$ 16,083</u>	<u>\$ 16,053</u>
<u>\$ 719</u>	<u>\$ 557</u>	<u>\$ 476</u>	<u>\$ 541</u>	<u>\$ 641</u>	<u>\$ 741</u>

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INDEPENDENT SCHOOL DISTRICT NO. 624

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

Fiscal Year	Property Tax				Total
	General Fund	Community Service Special Revenue Fund	Debt Service Fund		
2014	\$ 12,956,296	\$ 559,095	\$ 11,683,053	\$ 25,198,444	
2015	23,587,670	1,080,555	10,494,470	35,162,695	
2016	23,170,610	1,042,443	11,008,847	35,221,900	
2017	23,808,740	1,000,767	10,993,448	35,802,955	
2018	23,936,695	851,605	10,740,358	35,528,658	
2019	25,808,561	1,025,846	11,084,791	37,919,198	
2020	26,346,415	1,118,903	14,852,917	42,318,235	
2021	28,893,600	1,093,150	25,920,933	55,907,683	
2022	31,751,273	1,164,816	24,008,676	56,924,765	
2023	32,871,766	1,158,557	23,437,272	57,467,595	

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. 624

Tax Capacities and Market Values
Last Ten Fiscal Years

For Taxes Collectible	Agricultural Net Tax Capacity	Personal Property	Nonagricultural Net Tax Capacity	Fiscal Disparities	
				Contribution Net Tax Capacity	Distribution Net Tax Capacity
2014	\$ 401,085	\$ 1,065,271	\$ 65,266,991	\$ (7,389,456)	\$ 6,898,176
2015	404,636	1,089,830	70,778,051	(7,525,888)	6,924,807
2016	414,264	1,186,977	72,619,763	(7,523,002)	7,099,529
2017	422,640	1,281,958	76,741,560	(7,795,352)	7,815,144
2018	430,930	1,362,746	84,067,538	(8,448,877)	8,337,120
2019	417,860	1,327,082	90,414,147	(9,221,744)	8,812,128
2020	407,075	1,346,317	96,683,531	(9,897,728)	9,482,997
2021	388,885	1,477,006	103,045,446	(9,770,932)	9,907,598
2022	228,356	992,677	106,502,088	(10,907,778)	10,876,891
2023	424,889	1,055,827	123,551,382	(10,896,552)	10,215,078

Note: The District has presented estimated market value, which is the best information available to represent estimated actual value of property.

Source: State of Minnesota School Tax Report

<u>Tax Increment Net Tax Capacity</u>	<u>Total Taxable Net Tax Capacity</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Market Value</u>	<u>Percentage Tax Capacity to Market Value</u>
\$ (3,005,643)	\$ 63,236,424	0.28562	\$ 5,914,824,800	1.07 %
(2,570,977)	69,100,459	0.26660	6,418,024,100	1.08
(1,418,213)	72,379,318	0.26236	6,573,881,600	1.10
(1,266,217)	77,199,733	0.23476	6,904,085,300	1.12
(1,221,355)	84,528,102	0.23685	7,484,891,300	1.13
(1,238,186)	90,511,287	0.26081	7,995,141,000	1.13
(1,182,453)	96,839,739	0.36777	8,549,395,400	1.13
(1,254,737)	103,793,266	0.37074	9,058,861,658	1.15
(1,042,473)	106,649,761	0.34805	9,311,445,133	1.15
(656,474)	123,694,150	0.32398	10,817,452,770	1.14

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INDEPENDENT SCHOOL DISTRICT NO. 624

School Tax Levies,
Tax Rates (1), and Market Value Rates by Fund
Last Ten Fiscal Years

	Year Collectible	General Fund (2)	Community Service Special Revenue Fund	Debt Service Fund	Total All Funds
Levies					
	2014	\$ 24,489,875	\$ 1,089,836	\$ 10,575,794	\$ 36,155,505
	2015	23,793,193	1,050,963	11,097,447	35,941,603
	2016	24,217,987	999,958	10,987,335	36,205,280
	2017	24,311,613	907,449	10,863,759	36,082,821
	2018	26,510,297	1,023,603	11,060,925	38,594,825
	2019	27,730,600	1,097,369	15,074,825	43,902,794
	2020	28,727,888	1,098,027	26,057,403	55,883,318
	2021	31,833,679	1,135,435	23,996,527	56,965,641
	2022	32,407,159	1,169,689	23,672,582	57,249,430
	2023	32,586,114	1,180,612	28,217,881	61,984,607
Tax rates					
	2014	0.10119	0.01723	0.16720	0.28562
	2015	0.09204	0.01510	0.15946	0.26660
	2016	0.09700	0.01379	0.15156	0.26236
	2017	0.08408	0.05446	0.09622	0.23476
	2018	0.09376	0.04893	0.09416	0.23685
	2019	0.08052	0.01223	0.16805	0.26081
	2020	0.07914	0.01167	0.27697	0.36777
	2021	0.12842	0.01095	0.23137	0.37074
	2022	0.11665	0.01090	0.22050	0.34805
	2023	0.08776	0.00949	0.22673	0.32398
Market value rates					
	2014	0.00273	—	—	0.00273
	2015	0.00240	—	—	0.00240
	2016	0.00235	—	—	0.00235
	2017	0.00230	—	—	0.00230
	2018	0.00230	—	—	0.00230
	2019	0.00232	—	—	0.00232
	2020	0.00224	—	—	0.00224
	2021	0.00181	—	—	0.00181
	2022	0.00193	—	—	0.00193
	2023	0.00183	—	—	0.00183

(1) Tax rates are expressed in terms of “net tax capacity.” A property’s tax capacity is determined by multiplying its taxable market value by a state determined class rate. Class rates vary by property type and change periodically based on state legislation.

(2) A tax rate based on market value is used for a portion of the District’s referendum levy.

Source: State of Minnesota School Tax Report

INDEPENDENT SCHOOL DISTRICT NO. 624

Direct and Overlapping Property Tax Rates (1)
Last Ten Fiscal Years

For Taxes Collectible	ISD No. 624		Counties			Special Taxing Districts		
	Total Direct Tax Tax Rate (2)	Market Value Rate	Ramsey County	Washington County	Anoka County	Ramsey County	Washington County	Anoka County
2014	28.562	0.273	63.735	32.811	43.239	9.825	4.640	5.768
2015	26.660	0.240	58.922	30.186	38.123	9.179	4.183	5.327
2016	26.236	0.235	58.885	30.564	38.894	9.052	4.568	5.728
2017	23.476	0.230	55.850	30.448	37.273	8.558	4.345	5.087
2018	23.685	0.230	53.962	29.983	35.820	8.249	4.175	4.902
2019	26.081	0.232	52.879	29.682	34.908	8.265	3.994	2.015
2020	36.777	0.224	52.302	28.944	33.483	8.249	3.738	1.956
2021	37.074	0.181	47.760	27.435	31.316	7.822	3.593	1.883
2022	34.805	0.193	48.067	27.532	29.614	9.971	3.483	1.826
2023	32.398	0.183	44.901	23.625	24.474	8.740	2.974	1.564

(1) Tax rates are expressed in terms of “net tax capacity.” A property’s tax capacity is determined by multiplying its taxable market value by a state-determined class rate. Class rates vary by property type and change periodically, based on state legislation.

(2) Tax rates per \$100 of tax capacity.

Source: Anoka, Washington, and Ramsey counties

Municipalities					Average Total Rates by Area				
White Bear Lake	White Bear Township	Hugo	Lino Lakes	Vadnais Heights	White Bear Lake Resident	White Bear Township Resident	Hugo Resident	Vadnais Heights Resident	Lino Lakes Resident
21.102	24.014	36.417	46.683	29.269	123.497	126.409	102.703	131.664	124.525
20.368	22.031	36.318	43.770	26.904	115.369	117.032	97.586	121.905	114.120
19.690	22.875	36.323	46.019	26.820	114.098	117.283	97.926	121.228	117.113
18.969	21.976	36.356	45.140	26.845	107.083	110.090	94.854	114.959	111.206
19.058	21.623	36.330	42.826	24.872	105.184	107.749	94.402	110.998	107.463
20.190	21.722	36.274	41.817	24.127	107.647	109.179	96.263	111.584	105.053
20.629	21.760	39.279	39.870	24.583	118.181	119.312	108.962	122.135	112.310
20.355	24.142	39.294	39.437	23.298	113.192	116.979	107.577	116.135	109.891
22.271	27.181	39.403	40.154	26.135	115.307	120.217	105.415	119.171	106.592
24.054	25.857	36.371	34.974	25.860	110.276	112.079	95.552	112.082	93.593

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INDEPENDENT SCHOOL DISTRICT NO. 624

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2023			2014		
	Taxable Net Tax Capacity	Rank	Percentage of Taxable Net Tax Capacity	Taxable Net Tax Capacity	Rank	Percentage of Taxable Net Tax Capacity
HB Fuller	\$ 726,244	1	0.59 %	\$ —	—	— %
Dakota Upreit LP	680,224	2	0.55	—	—	—
White Bear Woods Apartments	627,000	3	0.51	350,138	4	0.55
Xcel Energy	624,201	4	0.50	699,398	1	1.11
Buerkle Enterprises, LLC	579,818	5	0.47	—	—	—
MSP Vadnais, LLC	572,584	6	0.46	—	—	—
VH Medical Partners LLC	467,320	7	0.38	—	—	—
Luther Company, LLP	423,614	8	0.34	—	—	—
Tundra Companies	416,168	9	0.34	—	—	—
Specialty Manufacturing	405,366	10	0.33	239,802	9	0.38
Presbyterian Homes	—	—	—	548,538	2	0.87
North Oaks Farm	—	—	—	354,488	3	0.56
Walmart Real Estate Business Trust	—	—	—	344,746	5	0.55
Maplewood 2007 LLC	—	—	—	280,036	6	0.44
Taylor Corporation	—	—	—	255,526	7	0.40
Trane Corporation	—	—	—	240,850	8	0.38
Sam's Club	—	—	—	217,250	10	0.34
Total	<u>\$ 5,522,539</u>		<u>4.46 %</u>	<u>\$ 3,530,772</u>		<u>5.58 %</u>

Source: City of White Bear Lake, White Bear Township, City of Hugo, and City of Vadnais Heights

INDEPENDENT SCHOOL DISTRICT NO. 624

Property Tax Levies and Receivables
Last Ten Fiscal Years

For Taxes Collectible	Original Levy				Collections	
	Local Spread	Fiscal Disparities	Property Tax Credits	Total Spread	First Year Levy Recognized Amount	Percentage of Levy
2014	\$ 32,257,126	\$ 3,897,020	\$ 1,359	\$ 36,155,505	\$ 35,747,852	98.9 %
2015	31,979,108	3,962,495	—	35,941,603	35,662,183	99.2
2016	32,555,594	3,649,686	—	36,205,280	35,980,466	99.4
2017	32,180,096	3,902,725	—	36,082,821	35,808,331	99.2
2018	34,729,868	3,864,957	—	38,594,825	38,347,361	99.4
2019	39,886,903	4,015,891	—	43,902,794	43,629,296	99.4
2020	51,253,317	4,630,001	—	55,883,318	55,612,921	99.5
2021	51,149,060	5,816,581	—	56,965,641	56,589,315	99.3
2022	51,321,048	5,928,382	—	57,249,430	56,862,635	99.3
2023	56,516,596	5,468,011	—	61,984,607	28,943,006	46.7

Note: Delinquent taxes receivable are written off after seven years. The amount of collections has been adjusted to reflect the write-off of delinquent taxes receivable.

Source: State of Minnesota School Tax Report

Received in Subsequent Years		Total to Date		Uncollected Taxes Receivable as of June 30, 2023					
		Amount	Percentage of Levy	Delinquent		Current		Amount	Percent
				Amount	Percent	Amount	Percent		
\$	407,653	\$ 36,155,505	100.0 %	\$	—	— %	\$	—	— %
	279,420	35,941,603	100.0		—	—		—	—
	224,814	36,205,280	100.0		—	—		—	—
	253,084	36,061,415	99.9		21,406	0.1		—	—
	235,848	38,583,209	100.0		11,616	0.0		—	—
	245,215	43,874,511	99.9		28,283	0.1		—	—
	200,097	55,813,018	99.9		70,300	0.1		—	—
	331,452	56,920,767	99.9		44,874	0.1		—	—
	—	56,862,635	99.3		386,795	0.7		—	—
	—	28,943,006	46.7		—	—		33,041,601	53.3
					\$ 563,274			\$ 33,041,601	

INDEPENDENT SCHOOL DISTRICT NO. 624

Ratio of Net Debt
to Net Tax Capacity and Market Value and
Net Debt per Capita
Last Ten Fiscal Years

Fiscal Year	Outstanding Bonded Debt	Financed Purchases	Lease Liabilities	Premium (Discount) on Debt	Balance on Hand Value	Net Debt	Net Tax Capacity
2014	\$ 85,060,000	\$ 11,870,344	\$ —	\$ 2,635,931	\$ 2,255,307	\$ 97,310,968	\$ 63,236,424
2015	93,420,000	11,370,426	—	2,330,474	2,079,253	105,041,647	69,100,459
2016	86,195,000	10,639,270	—	1,958,524	2,210,338	96,582,456	72,379,318
2017	78,640,000	9,975,133	—	1,586,574	2,364,880	87,836,827	77,199,733
2018	85,805,000	9,284,952	—	2,515,596	2,709,252	94,896,296	84,528,102
2019	77,560,000	8,567,759	—	1,986,644	2,662,158	85,452,245	90,511,287
2020	315,530,000	7,822,497	—	14,538,405	2,929,739	334,961,163	96,839,739
2021	298,760,000	—	—	14,340,352	3,712,552	309,387,800	103,793,266
2022	380,520,000	—	858,038	21,199,531	4,975,001	397,602,568	106,649,761
2023	399,920,000	—	761,623	22,854,070	4,202,276	419,333,417	123,694,150

Note 1: The District implemented GASB Statement No. 87, *Leases*, for the year ended June 30, 2022.

Note 2: Balance on hand values are restricted for the repayment of debt principal based on Minnesota Statutes.

Source: State of Minnesota School Tax Report and Metropolitan Council

Percent of Net Debt to Net Tax Capacity Value	Market Value	Percent of Net Debt to Market Value	Estimated Population	Net Debt per Capita	Total Debt per Capita	Percent of Net Debt to Personal Income	Percent of Total Debt to Personal Income
153.88 %	\$5,914,824,800	1.65 %	48,449	\$ 2,009	\$ 2,055	3.75 %	3.83 %
152.01	6,418,024,100	1.64	48,645	2,159	2,202	3.89	3.97
133.44	6,573,881,600	1.47	49,189	1,963	2,008	3.50	3.58
113.78	6,904,085,300	1.27	49,739	1,766	1,814	3.15	3.23
112.27	7,484,891,300	1.27	50,734	1,870	1,924	3.24	3.33
94.41	7,995,141,000	1.07	51,749	1,651	1,703	2.74	2.82
345.89	8,549,395,400	3.92	65,782	5,092	5,137	8.17	8.24
298.08	9,058,861,658	3.42	65,782	4,703	4,760	6.83	6.91
372.81	9,311,445,133	4.27	64,625	6,152	6,229	8.72	8.83
339.01	10,817,452,770	3.88	64,625	6,489	6,554	8.64	8.73

INDEPENDENT SCHOOL DISTRICT NO. 624

Ratio of Annual Debt Expenditures
to General Fund Expenditures
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest and Other Charges</u>	<u>Total Debt Service Expenditures</u>	<u>Total General Fund Expenditures</u>	<u>Percent of Debt Service to General Fund Expenditures</u>
2014	\$ 7,413,817	\$ 4,170,299	\$ 11,584,116	\$ 98,202,842	11.80 %
2015	7,409,918	4,449,776	11,859,694	94,702,341	12.52
2016	7,956,156	4,094,070	12,050,227	102,030,583	11.81
2017	8,219,137	3,800,779	12,019,916	106,169,316	11.32
2018	8,705,181	3,776,909	12,482,090	112,757,886	11.07
2019	8,962,193	3,464,192	12,426,385	117,101,584	10.61
2020	12,775,262	3,108,548	15,883,810	117,225,500	13.55
2021	17,162,911	9,454,449	26,617,360	124,264,419	21.42
2022	14,790,406	9,820,154	24,610,560	133,280,683	18.47
2023	14,111,415	11,730,475	25,841,890	133,183,590	19.40

INDEPENDENT SCHOOL DISTRICT NO. 624

Direct and Overlapping Debt
as of June 30, 2023

	General Obligation Debt	2023 Tax Capacity Value	Percent of Debt Applicable (1)	Amount of Debt Applicable
Taxing unit				
Overlapping debt				
Counties				
Ramsey	\$ 180,735,000	\$ 814,342,324	11.46 %	\$ 20,716,749
Washington	90,885,000	458,762,027	5.59	5,077,018
Cities				
White Bear Lake	36,485,000	41,710,262	98.35	35,882,304
White Bear Township	9,385,000	20,867,752	99.80	9,366,568
Hugo	15,735,000	25,507,639	88.31	13,896,271
Special districts				
Metropolitan Council	238,225,000	5,878,109,833	2.10	5,012,969
Total overlapping debt	571,450,000	7,239,299,837		89,951,879
Direct debt				
ISD No. 624	399,920,000	123,694,150	100.00	399,920,000
Total direct and overlapping debt	\$ 971,370,000	\$7,362,993,987		\$ 489,871,879

(1) The percent overlap is based on the percentage of tax capacity of the individual entities in ISD No. 624.

Source: The Official Statement associated with the District's 2023A G.O. Facilities Maintenance Bond (prepared by Ehlers)

INDEPENDENT SCHOOL DISTRICT NO. 624

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2014	2015	2016	2017
Debt limit	\$ 887,223,720	\$ 962,703,615	\$ 986,082,240	\$ 1,035,612,795
Total net debt applicable to the limit	82,804,693	91,340,747	83,984,662	81,004,880
Legal debt margin	<u>\$ 804,419,027</u>	<u>\$ 871,362,868</u>	<u>\$ 902,097,578</u>	<u>\$ 954,607,915</u>
Total net debt applicable to the limit as a percentage of debt limit	9.33%	9.49%	8.52%	7.82%

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: State of Minnesota School Tax

2018	2019	2020	2021	2022	2023
\$ 1,122,733,695	\$ 1,199,271,150	\$ 1,282,409,310	\$ 1,358,829,249	\$ 1,396,716,770	\$ 1,622,617,916
88,514,252	80,222,158	312,600,261	295,047,448	375,544,999	395,717,724
<u>\$ 1,034,219,443</u>	<u>\$ 1,119,048,992</u>	<u>\$ 969,809,049</u>	<u>\$ 1,063,781,801</u>	<u>\$ 1,021,171,771</u>	<u>\$ 1,226,900,192</u>
7.88%	6.69%	24.38%	21.71%	26.89%	24.39%

Legal Debt Margin Calculation for Fiscal Year 2023

Market value	\$ 10,817,452,770
Debt limit (15% of market value)	1,622,617,916
Debt applicable to limit	
General obligation bonds	399,920,000
Less amount set aside for repayment of general obligation debt	<u>(4,202,276)</u>
Total net debt applicable to the limit	<u>395,717,724</u>
Legal debt margin	<u>\$ 1,226,900,192</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (3)	Median Age (3)	School Enrollment (4)	Ramsey County Unemployment Rate (2)
2014	48,449	\$ 2,596,381,910	\$ 53,590	37.4	8,056	4.7 %
2015	48,645	2,697,851,700	55,460	41.2	8,043	3.8
2016	49,189	2,760,634,247	56,123	41.4	8,117	3.7
2017	49,739	2,790,556,856	56,104	44.1	8,312	3.6
2018	50,734	2,928,214,278	57,717	43.8	8,661	2.6
2019	51,749	3,120,516,449	60,301	44.2	8,765	3.1
2020	65,782	4,098,481,728	62,304	44.3	8,802	9.2
2021	65,782	4,530,472,122	68,871	44.1	8,612	4.1
2022	64,625	4,557,225,750	70,518	43.5	8,379	2.3
2023	64,625	4,854,177,625	75,113	36.5	8,429	3.3

Note: Population and median age information are based on surveys conducted during the last quarter of the calendar year.
Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average.
School enrollment is based on the census at the start of the school year.

Data sources:

- (1) Bureau of the Census/County Regional Planning Commission
- (2) Minnesota Department of Employment and Economic Development
- (3) Bureau of the Census
- (4) ISD No. 624

INDEPENDENT SCHOOL DISTRICT NO. 624

Principal Employers
Current Year and Nine Years Ago

Employer	2023			2014		
	Employees	Rank	Percentage of Total District Employment	Employees	Rank	Percentage of Total District Employment
ISD No. 624	1,240	1	4.32 %	1,154	1	N/A
Century College	842	2	2.94	1,000	2	N/A
HB Fuller	600	3	2.09	—	—	N/A
I.C. Systems	564	4	1.97	—	—	N/A
Bal Seal Engineering	500	5	1.74	—	—	N/A
NAC Mechanical	500	5	1.74	—	—	N/A
Heraeus Medical Components	500	5	1.74	—	—	N/A
Wilson Tools	470	8	1.64	450	4	N/A
Walmart	410	9	1.43	410	5	N/A
Northern Wholesale Supply	270	10	0.94	—	—	N/A
Taymark Corporation	—	—	—	600	3	N/A
Cerenity Care Center	—	—	—	351	6	N/A
Super Target	—	—	—	300	7	N/A
Water Gremlin Co.	—	—	—	215	8	N/A
Lifetime Fitness	—	—	—	200	9	N/A
Festival Foods	—	—	—	175	10	N/A
	<u>5,896</u>		<u>20.56 %</u>	<u>4,855</u>		N/A
Total district employment	<u>28,680</u>			<u>N/A</u>		

N/A – Not Available

Note: This table includes the City of White Bear Lake, White Bear Township, City of Vadnais Heights, and City of Hugo.

Source: State Department of Commerce

INDEPENDENT SCHOOL DISTRICT NO. 624

Employees by Classification
Last Ten Fiscal Years

	Fiscal Year			
	2014	2015	2016	2017
Board of Education (1)	7	7	7	7
Cabinet/Administrators/Principals (2)	35	35	33	34
Nonaffiliated (3)	25	42	62	72
Teachers (4)	602	604	620	607
Support services (5)	103	103	101	103
Paraprofessionals (6)	158	158	163	164
Custodians (7)	65	65	67	71
Nutritional services (8)	73	71	71	76
Extended day (9)	48	31	34	39
Bus drivers (10)	38	40	48	46
Total	1,154	1,156	1,206	1,219

- (1) Board of Education consists of seven elected officials.
- (2) Cabinet/Administrators/Principals include the Cabinet, the White Bear Lake Principal's Association, and the White Bear Lake Administrator's Association.
- (3) Nonaffiliated includes positions that are not affiliated with any other listed group and are directed by individual compensation plans.
- (4) Teachers include members of the White Bear Lake Teachers Association.
- (5) Support services include members of the Service Employees International Union (SEIU) Local 284 and the Confidential Employee Group.
- (6) Paraprofessionals include members of the SEIU Local 284.
- (7) Custodians include members of the International Union of Operating Engineers (IUOE) Local 70.
- (8) Nutritional services include members of the White Bear Lake Nutrition Services Association.
- (9) Extended day includes members of the White Bear Lake Extended Day Program Association.
- (10) Bus drivers include members of the IUOE Local 70.

Source: ISD No. 624

2018	2019	2020	2021	2022	2023
7	7	7	7	7	7
30	31	29	30	31	32
80	88	86	91	102	110
616	636	606	597	598	567
99	111	112	116	117	106
174	197	182	174	173	161
70	76	64	64	62	63
70	76	60	49	61	61
43	73	65	62	89	103
44	43	33	31	33	30
1,233	1,338	1,244	1,221	1,273	1,240

INDEPENDENT SCHOOL DISTRICT NO. 624

Teacher Data
Last Ten Fiscal Years

Fiscal Year	Minimum Salary		Maximum Salary		Average Salary		Number of Teachers With	
							B.A. Degree	M.A. Degree
2014	\$	38,391	\$	84,628	\$	61,510	199	392
2015		39,275		86,740		63,008	189	408
2016		40,350		88,615		64,483	184	457
2017		41,425		90,040		65,733	147	459
2018		42,357		92,590		67,474	175	434
2019		43,310		94,482		68,896	142	502
2020		44,720		97,213		70,967	122	484
2021		45,659		99,242		72,451	115	482
2022		47,368		101,140		74,254	104	489
2023		48,315		102,986		75,651	86	480

Source: ISD No. 624

INDEPENDENT SCHOOL DISTRICT NO. 624

Student to Staff Ratios
Last Ten Fiscal Years

Fiscal Year	ISD No. 624 Student to Teacher Ratios	Minnesota Department of Education Student to Staff Ratio		
		ISD No. 624	Ramsey County Average	State of Minnesota Average
2014	17.00	14.00	13.60	13.00
2015	16.00	14.00	13.40	13.00
2016	17.00	14.00	N/A	N/A
2017	17.00	13.00	N/A	N/A
2018	17.00	13.00	N/A	N/A
2019	16.00	13.00	N/A	N/A
2020	N/A	N/A	N/A	N/A
2021	16.00	13.00	N/A	N/A
2022	16.00	13.00	N/A	N/A
2023	16.00	13.00	N/A	N/A

N/A – Not Available

Source: Minnesota Department of Education

INDEPENDENT SCHOOL DISTRICT NO. 624

Operating Indicators by Function
Standardized Testing and Graduation Rates
Last Ten Fiscal Years

	Fiscal Year			
	2014	2015	2016	2017
Standardized Tests				
MCA Reading (1)				
Grade 3	66.00 %	63.90 %	64.00 %	65.00 %
Grade 4	60.00	63.20	62.60	64.20
Grade 5	73.60	69.60	77.10	74.10
Grade 6	64.60	68.40	66.10	67.20
Grade 7	59.90	61.90	58.00	56.30
Grade 8	66.90	57.30	62.80	60.30
Grade 10	59.70	68.30	62.70	65.10
MCA Math (1)				
Grade 3	80.40	78.10	79.70	74.30
Grade 4	74.40	79.80	75.40	78.50
Grade 5	62.60	61.30	70.90	66.70
Grade 6	61.80	54.70	52.90	61.40
Grade 7	58.00	59.20	54.60	56.30
Grade 8	70.40	64.20	68.30	64.70
Grade 11	68.00	56.70	60.50	59.60
MCA Science (1)				
Grade 5	63.80	63.50	70.20	66.10
Grade 7	58.10	52.50	53.60	55.00
Grade 11	56.20	65.40	63.50	64.20
ACT				
Average composite score	23.40	21.50	21.80	22.00
Graduation data				
ISD No. 624 rate	90.60	89.30	89.70	87.70
Post-graduation				
4-year college/university	60.00	66.00	66.00	61.00
2-year college	25.00	23.00	23.00	28.00
Other	15.00	11.00	11.00	11.00

N/A – Not Available

(1) Percent of students scoring at or above proficiency on the Minnesota Comprehensive Assessment Test.

(2) 2020 data not available due to COVID-19.

Source: Minnesota Department of Education

2018	2019	2020 (2)	2021	2022	2023
65.10 %	62.60 %	N/A %	53.70 %	51.90 %	48.10 %
67.70	66.70	N/A	55.00	58.00	56.80
76.20	74.00	N/A	68.00	64.20	66.10
68.20	68.00	N/A	57.60	59.80	57.50
61.10	60.90	N/A	50.00	47.10	46.30
55.80	60.60	N/A	49.80	45.10	47.30
55.70	63.70	N/A	57.50	58.10	42.80
75.90	74.00	N/A	56.90	58.60	61.00
72.10	72.60	N/A	56.30	58.50	58.90
68.10	57.90	N/A	45.30	43.80	44.90
55.10	57.00	N/A	32.00	40.60	40.20
57.40	57.80	N/A	32.80	41.60	46.40
63.70	65.40	N/A	45.30	45.70	50.00
56.50	54.40	N/A	33.70	44.60	33.60
67.40	61.50	N/A	54.60	47.10	53.70
49.70	47.60	N/A	42.00	31.00	32.10
54.30	54.50	N/A	42.20	44.30	32.80
21.90	21.86	N/A	N/A	20.80	21.37
88.70	88.10	91.20	90.10	91.30	89.10
57.00	61.00	N/A	N/A	24.90	49.00
26.00	22.00	N/A	N/A	22.10	18.00
17.00	17.00	N/A	N/A	17.60	33.00

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INDEPENDENT SCHOOL DISTRICT NO. 624

Food Service
School Lunch Program
Last Ten Fiscal Years

Fiscal Year	Average Daily Attendance	Total Lunches Served	Days	Average Daily Participation (ADP)	Percent of ADP	Free Lunch		Reduced-Price Lunch	
						Number Served	Percent of Total	Number Served	Percent of Total
2014	7,558	850,649	172	4,815	63.71 %	255,488	30.03 %	83,593	9.83 %
2015	7,563	864,918	172	5,029	66.49	257,473	29.77	85,632	9.90
2016	7,683	859,192	172	4,995	65.01	245,745	28.60	85,592	9.96
2017	7,821	870,053	172	5,058	65.00	242,242	27.84	84,705	10.05
2018	7,998	876,171	172	5,094	63.69	235,303	26.86	93,842	10.71
2019	8,286	898,412	172	5,223	63.04	223,814	24.91	97,003	10.80
2020	8,539	680,867	172	3,959	46.36	208,197	30.58	63,355	9.31
2021	8,204	553,614	172	3,219	39.23	553,614	100.00	—	—
2022	7,333	869,732	170	5,116	69.77	869,732	100.00	—	—
2023	8,281	808,682	166	4,872	58.83	234,144	28.95	72,595	8.98

Source: ISD No. 624

INDEPENDENT SCHOOL DISTRICT NO. 624

School Facilities
as of June 30, 2023

Facility	Usage	Constructed	Acres
White Bear Lake High School South Campus	School – office – classrooms	1971	57.04
White Bear Lake High School North Campus	School – office – classrooms	1963	51.24
Central Middle/District Center	School – office – classrooms	1918	25.00
Sunrise Park Middle	School – office – classrooms	1959	25.30
Oneka Elementary	School – office – classrooms	2006	44.00
Otter Lake Elementary	School – office – classrooms	1987	20.00
Vadnais Heights Elementary	School – office – classrooms	1950	16.75
Lincoln Elementary	School – office – classrooms	1952	11.00
Birch Lake Elementary	School – office – classrooms	1966	10.00
Matoska International	School – office – classrooms	1962	10.00
Lakeaires Elementary	School – office – classrooms	1960	9.00
Bellaire Elementary	School – office – classrooms	1956	10.00
Hugo Elementary	School – office – classrooms	1961	9.70
Willow Lane Elementary	School – office – classrooms	1965	13.00
North Star Elementary	School – office – classrooms	2022	139.90
Golfview – ALC	School – office – classrooms	1964	12.00
Transition Plus	School – office – classrooms	2005	–
Normandy Park Center	School – office – classrooms	1960	1.00
Hippodrome	Community education – classrooms	1928	1.00
Grounds department	Shops/storage	1997	–
Transportation Facility	Shops/storage	2022	7.10
Grounds Facility	Shops/storage	2005	10.00

N/A – Not Applicable

Note (1): Design capacity calculated at 25 elementary students per kindergarten through Grade 6 classroom and 28 secondary students per classroom.

Note (2): Construction of North Star Elementary was completed during 2022 for an opening during the 2022–2023 school year.

Source: ISD No. 624

Regular Classrooms	Square Feet	Capacity	2022–2023 Enrollment
53	289,953	1,270	1,071
58	280,906	1,270	1,329
48	266,386	1,095	1,016
49	126,979	837	824
22	119,955	624	427
33	104,739	580	485
25	69,256	420	357
26	59,928	468	475
26	61,781	280	228
23	71,485	580	547
23	86,969	396	401
24	55,433	400	–
17	58,801	328	–
23	86,723	420	332
34	102,042	720	472
19	46,872	134	188
4	7,258	50	35
11	31,389	275	283
1	22,295	N/A	–
–	3,160	N/A	–
–	13,005	N/A	–
–	25,400	N/A	–

INDEPENDENT SCHOOL DISTRICT NO. 624

Insurance Coverage
as of June 30, 2023

Type of Coverage	Amount of Coverage
Fire extended coverage/blanket real and personal property	\$200,000,000 on a replacement cost basis
Comprehensive general liability	\$4,000,000 each occurrence \$8,000,000 aggregate
Boiler and machinery liability	\$250,000,000 on a replacement cost basis
Automobile	\$4,000,000 each occurrence \$8,000,000 aggregate
Workers' compensation	Statutory liability \$1,000,000 per employee
Employee benefits liability	\$4,000,000 each occurrence \$8,000,000 aggregate
Employee dishonesty blanket bond	\$1,000,000 employee theft \$100,000 forgery or alteration \$100,000 money and securities
School Board legal liability and law enforcement activities (includes school leaders errors and omissions)	\$4,000,000 each occurrence \$8,000,000 aggregate
Cyber liability	\$2,000,000 each occurrence
Pollution liability	\$10,000,000 aggregate

Source: ISD No. 624

INDEPENDENT SCHOOL DISTRICT NO. 624

Student Enrollment
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM)					Total Pupil Units
	Handicapped and Pre-Kindergarten	Kindergarten	Elementary	Secondary	Total	
2014	120	626	3,735	3,615	8,096	9,288
2015	166	589	3,756	3,625	8,136	8,861
2016	173	578	3,823	3,646	8,220	8,949
2017	181	564	4,007	3,653	8,405	9,136
2018	208	578	4,119	3,728	8,633	9,379
2019	241	585	4,137	3,744	8,707	9,456
2020	255	579	4,075	3,798	8,707	9,466
2021	231	536	3,855	3,834	8,456	9,223
2022	248	535	3,710	3,794	8,287	9,045
2023	298	507	3,650	3,842	8,297	9,065

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

Note 2: Beginning in fiscal 2015, changes in ADM weightings as noted below reduced the calculated pupil units.

Note 3: 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

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INDEPENDENT SCHOOL DISTRICT NO. 624
WHITE BEAR LAKE, MINNESOTA

Special Purpose Audit Reports

Year Ended
June 30, 2023

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INDEPENDENT SCHOOL DISTRICT NO. 624

Special Purpose Audit Reports
Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education and Management of
Independent School District No. 624
White Bear Lake, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 624 (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, and have issued our report thereon dated January 4, 2024.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

(continued)

REPORT ON COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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

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

Minneapolis, Minnesota
January 4, 2024

INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

To the Board of Education and Management of
Independent School District No. 624
White Bear Lake, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 624 (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, and have issued our report thereon dated January 4, 2024.

MINNESOTA LEGAL COMPLIANCE

In connection with our audit, we noted that the District failed to comply with provisions of the contracting – bid laws and depositories of public funds and public investments sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minnesota Statutes § 6.65, insofar as they relate to accounting matters as described in the Schedule of Findings and Questioned Costs as findings 2023-001 and 2023-002. Also, in connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

DISTRICT'S RESPONSES TO FINDINGS

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the legal compliance findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

(continued)

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

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

Minneapolis, Minnesota
January 4, 2024

INDEPENDENT SCHOOL DISTRICT NO. 624

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

A. FINANCIAL STATEMENT FINDINGS

None.

B. MINNESOTA LEGAL COMPLIANCE FINDINGS

2023-001 COLLATERAL

Criteria – Minnesota Statutes § 118A.03.

Condition – Minnesota Statutes require that if a district's deposits exceed federal deposit insurance coverage, excess deposits must be covered by corporate surety bonds or collateral that has a market value of at least 110 percent of such excess. This requirement was not met for Independent School District No. 624's (the District) accounts as of June 30, 2023.

Questioned Costs – Not applicable.

Context – The District had \$14,453,939 of deposits as of June 30, 2023 in excess of federal deposit insurance. This amount is required to be covered by corporate surety bonds or with collateral with a value of \$15,899,333.

Cause – This was an oversight by district personnel.

Repeat Finding – This is a current year and prior year finding.

Effect – Deposits exceeding \$250,000 federal deposit insurance coverage may be lost in the event of a bank failure, if not properly insured or covered by collateral.

Recommendation – We recommend that the District obtain corporate surety bonds or collateral that has a market value of at least 110 percent of the District's deposits that exceed federal deposit insurance coverage.

View of Responsible Official and Planned Corrective Actions – The District agrees with the finding. The District was in the process of switching brokers for their bond funds, which took place near the fiscal year end. The previous broker of the District had liquidated the investments to cash in anticipation of transferring the funds to the new broker, but the cash was not properly collateralized as the funds were in process of being transferred. The transfer was finalized and funds were deposited with the new broker on July 2, 2023. The District has and will review its procedures in place to ensure compliance with Minnesota Statutes as of July 2, 2023 and beyond. The District has separately issued a Corrective Action Plan related to this finding.

INDEPENDENT SCHOOL DISTRICT NO. 624

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2023

B. MINNESOTA LEGAL COMPLIANCE FINDINGS (CONTINUED)

2023-002 BID ADVERTISEMENT

Criteria – Minnesota Statutes § 123B.52, Subd. 1.

Condition – A contract exceeding \$175,000 for work or labor, or for the purchase of furniture, fixtures, or other property or for the construction or repair of school facilities must not be made by the District without first advertising for bids or proposals by two weeks' published notice in the official newspaper of the District. This notice must state the time and place of receiving bids and contain a brief description of the subject matter. For one of five bids selected for testing, the required advertisement published in the District's official newspaper was missing.

Questioned Costs – Not applicable.

Context – The District was missing one bid advertisement published in the District's official newspaper.

Cause – This was an oversight by district personnel.

Repeat Finding – This is a current year finding.

Effect – The District was not in compliance with state bid law requirements.

Recommendation – We recommend that the District comply with state statutory contracting requirements for all contracts that are bid in the future.

View of Responsible Official and Planned Corrective Actions – The District agrees with the finding. The District had the proper documentation in place for this bid to be published in the newspaper. Due to unforeseen circumstances, the advertisement was sent, but due to an oversight between an employee of the District and the newspaper, the advertisement was never published. The District will review its procedures in place to ensure compliance in the future. The District has separately issued a Corrective Action Plan related to this finding.

INDEPENDENT AUDITOR'S REPORT ON
UNIFORM FINANCIAL ACCOUNTING AND
REPORTING STANDARDS COMPLIANCE TABLE

To the Board of Education and Management of
Independent School District No. 624
White Bear Lake, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 624 (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, and have issued our report thereon dated January 4, 2024.

Auditing standards referred to in the previous paragraph require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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 Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table is presented for purposes of additional analysis as required by the Minnesota Department of Education (MDE), and is not a required part of the basic financial statements of the District. The UFARS Compliance Table 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 UFARS Compliance Table is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

(continued)

The purpose of this report on the UFARS Compliance Table required by the MDE is solely to describe the scope of our testing of the UFARS Compliance Table and the results of that testing based on our audit. Accordingly, this report is not suitable for any other purpose.

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

Minneapolis, Minnesota

January 4, 2024

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INDEPENDENT SCHOOL DISTRICT NO. 624

Uniform Financial Accounting and Reporting Standards
Compliance Table
June 30, 2023

		Audit	UFARS	Audit – UFARS
General Fund				
Total revenue		\$ 130,218,478	\$ 130,218,478	\$ –
Total expenditures		\$ 133,183,590	\$ 133,183,591	\$ (1)
Nonspendable				
460	Nonspendable fund balance	\$ 44,626	\$ 44,626	\$ –
Restricted				
401	Student activities	\$ 385,624	\$ 385,624	\$ –
402	Scholarships	\$ –	\$ –	\$ –
403	Staff development	\$ –	\$ –	\$ –
407	Capital projects levy	\$ 882,647	\$ 882,647	\$ –
408	Cooperative revenue	\$ –	\$ –	\$ –
413	Projects funded by COP	\$ –	\$ –	\$ –
414	Operating debt	\$ –	\$ –	\$ –
416	Levy reduction	\$ –	\$ –	\$ –
417	Taconite building maintenance	\$ –	\$ –	\$ –
424	Operating capital	\$ 2,043,797	\$ 2,043,797	\$ –
426	\$25 taconite	\$ –	\$ –	\$ –
427	Disabled accessibility	\$ –	\$ –	\$ –
428	Learning and development	\$ –	\$ –	\$ –
434	Area learning center	\$ –	\$ –	\$ –
435	Contracted alternative programs	\$ –	\$ –	\$ –
436	State approved alternative program	\$ –	\$ –	\$ –
438	Gifted and talented	\$ –	\$ –	\$ –
440	Teacher development and evaluation	\$ –	\$ –	\$ –
441	Basic skills programs	\$ –	\$ –	\$ –
448	Achievement and integration	\$ 54,162	\$ 54,162	\$ –
449	Safe schools levy	\$ –	\$ –	\$ –
451	QZAB payments	\$ –	\$ –	\$ –
452	OPEB liability not in trust	\$ –	\$ –	\$ –
453	Unfunded severance and retirement levy	\$ –	\$ –	\$ –
459	Basic skills extended time	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ –	\$ –	\$ –
467	Long-term facilities maintenance	\$ –	\$ –	\$ –
472	Medical Assistance	\$ –	\$ –	\$ –
475	Title VII – Impact Aid	\$ –	\$ –	\$ –
476	PILT	\$ –	\$ –	\$ –
Committed				
418	Committed for separation	\$ –	\$ –	\$ –
461	Committed fund balance	\$ –	\$ –	\$ –
Assigned				
462	Assigned fund balance	\$ –	\$ –	\$ –
Unassigned				
422	Unassigned fund balance	\$ 7,830,688	\$ 7,830,688	\$ –
Food Service				
Total revenue		\$ 5,283,769	\$ 5,283,769	\$ –
Total expenditures		\$ 6,140,663	\$ 6,140,663	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ 208,764	\$ 208,764	\$ –
Restricted				
452	OPEB liability not in trust	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ 2,055,633	\$ 2,055,633	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –
Community Service				
Total revenue		\$ 7,335,528	\$ 7,335,528	\$ –
Total expenditures		\$ 8,175,477	\$ 8,175,477	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ 2,659	\$ 2,659	\$ –
Restricted				
426	\$25 taconite	\$ –	\$ –	\$ –
431	Community education	\$ 186,419	\$ 186,419	\$ –
432	ECFE	\$ 93,253	\$ 93,253	\$ –
440	Teacher development and evaluation	\$ –	\$ –	\$ –
444	School readiness	\$ (404,838)	\$ (404,838)	\$ –
447	Adult basic education	\$ 15,980	\$ 15,980	\$ –
452	OPEB liability not in trust	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ –	\$ –	\$ –
Unassigned				
463	Unassigned fund balance	\$ (66,014)	\$ (66,014)	\$ –

INDEPENDENT SCHOOL DISTRICT NO. 624

Uniform Financial Accounting and Reporting Standards
Compliance Table (continued)
June 30, 2023

		Audit	UFARS	Audit – UFARS
Building Construction				
Total revenue		\$ 4,944,585	\$ 4,944,585	\$ –
Total expenditures		\$ 102,022,563	\$ 102,022,564	\$ (1)
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted				
407	Capital projects levy	\$ –	\$ –	\$ –
413	Projects funded by COP	\$ –	\$ –	\$ –
467	Long-term facilities maintenance	\$ 40,175,939	\$ 40,175,939	\$ –
464	Restricted fund balance	\$ 89,154,566	\$ 89,154,566	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –
Debt Service				
Total revenue		\$ 23,846,197	\$ 23,846,197	\$ –
Total expenditures		\$ 24,618,922	\$ 24,618,921	\$ 1
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted				
425	Bond refundings	\$ –	\$ –	\$ –
433	Maximum effort loan	\$ –	\$ –	\$ –
451	QZAB payments	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ 4,202,276	\$ 4,202,276	\$ –
467	Long-term facilities maintenance	\$ –	\$ –	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –
Trust Fund				
Total revenue		\$ –	\$ –	\$ –
Total expenditures		\$ –	\$ –	\$ –
401	Student activities	\$ –	\$ –	\$ –
402	Scholarships	\$ –	\$ –	\$ –
422	Net position	\$ –	\$ –	\$ –
Custodial Fund				
Total revenue		\$ 166,864	\$ 166,863	\$ 1
Total expenditures		\$ 137,158	\$ 137,158	\$ –
401	Student activities	\$ –	\$ –	\$ –
402	Scholarships	\$ 10,972	\$ 10,972	\$ –
448	Achievement and integration	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ 167,946	\$ 167,946	\$ –
Internal Service				
Total revenue		\$ 16,133,762	\$ 16,133,762	\$ –
Total expenditures		\$ 16,555,619	\$ 16,555,619	\$ –
422	Net position	\$ 4,274,396	\$ 4,274,396	\$ –
OPEB Revocable Trust Fund				
Total revenue		\$ –	\$ –	\$ –
Total expenditures		\$ –	\$ –	\$ –
422	Net position	\$ –	\$ –	\$ –
OPEB Irrevocable Trust Fund				
Total revenue		\$ 952,893	\$ 952,893	\$ –
Total expenditures		\$ 1,164,550	\$ 1,164,550	\$ –
422	Net position	\$ 29,962,721	\$ 29,962,721	\$ –
OPEB Debt Service Fund				
Total revenue		\$ –	\$ –	\$ –
Total expenditures		\$ –	\$ –	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted				
425	Bond refundings	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ –	\$ –	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –

Note: Statutory reserve deficits, if any, are reported in unassigned fund balances in the financial statements in accordance with accounting principles generally accepted in the United States of America.

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Management Report

for

Independent School District No. 624
White Bear Lake, Minnesota

June 30, 2023

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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

To the Board of Education and Management of
Independent School District No. 624
White Bear Lake, Minnesota

We have prepared this management report in conjunction with our audit of Independent School District No. 624 White Bear Lake, Minnesota's (the District) financial statements for the year ended June 30, 2023. We have organized this report into the following sections:

- Audit Summary
- Financial Trends in Public Education in Minnesota
- Financial Trends of Your District
- Accounting and Auditing Updates

We would be pleased to further discuss any of the information contained in this report or any other concerns that you would like us to address. We would also like to express our thanks for the courtesy and assistance extended to us during the course of our audit.

The purpose of this report is solely to provide those charged with governance of the District, management, and those with responsibility for oversight of the District's financial reporting process comments resulting from our audit and information relevant to school district financing in Minnesota. Accordingly, this report is not suitable for any other purpose.

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

Minneapolis, Minnesota
January 4, 2024

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AUDIT SUMMARY

The following is a summary of our audit work, key conclusions, and other information that we consider important or that is required to be communicated to the School Board, administration, or those charged with governance of the District.

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA AND *GOVERNMENT AUDITING STANDARDS*.

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you verbally and in our audit engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously discussed and coordinated in order to obtain sufficient audit evidence and complete an effective audit.

The District is subject to a Single Audit of its federal awards expenditures for the year ended June 30, 2023, which is required to be performed in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). It was originally planned that the Single Audit would be completed and issued along with the District's financial statement audit by December 31, 2023. Due to the significant increase in pandemic-related federal funding received by Minnesota school districts this year, the Minnesota Department of Education (MDE) has extended the due date for Single Audits to coincide with the federal deadline of March 31, 2024. The District plans to issue its audited Schedule of Expenditures of Federal Awards and related reports separately by this deadline.

AUDIT OPINIONS AND FINDINGS

Based on our audit of the District's financial statements for the year ended June 30, 2023:

- We have issued unmodified opinions on the District's basic financial statements. Our report included a paragraph emphasizing the District's implementation of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs), during the year. Our opinion was not modified with respect to this matter.
- We reported no deficiencies in the District's internal control over financial reporting that we considered to be material weaknesses.
- The results of our testing disclosed no instances of noncompliance required to be reported under *Government Auditing Standards*.

- We reported two findings based on our testing of the District's compliance with Minnesota laws and regulations.

Minnesota Statutes § 118A.03 requires that if the District's deposits exceed federal deposit insurance coverage, excess deposits must be covered by corporate surety bonds or collateral that has a market value of at least 110 percent of such excess. This requirement was not met for all of the District's accounts as of June 30, 2023.

Minnesota Statutes § 123B.52, Subd. 1 requires contracts exceeding \$175,000 for work or labor, or for the purchase of furniture, fixtures, or other property or for the construction or repair of school facilities must not be made by the District without first advertising for bids or proposals by two weeks' published notice in the official newspaper of the District. This notice must state the time and place of receiving bids and contain a brief description of the subject matter. For one of five bids selected for testing, the required advertisement published in the District's official newspaper was missing.

FOLLOW-UP ON PRIOR YEAR FINDINGS AND RECOMMENDATIONS

As a part of our audit of the District's financial statements for the year ended June 30, 2023, we performed procedures to follow-up on any findings and recommendations that resulted from our prior year audit. We reported the following finding that was corrected by the District in the current year:

Minnesota Statutes § 118A.05, Subdivision 4 gives authority for the District to enter into all investments, including investments for shares of an investment company which are registered under the Federal Investment Company Act of 1940, and whose shares are registered under the Federal Securities Act of 1933, as long as the investment company's fund receives the highest credit rating and is rated in one of the two highest risk rating categories by at least one nationally recognized statistical rating organization and is invested in financial instruments with a final maturity no longer than 13 months. As of June 30, 2022 and during the year then ended, the District invested in accounts that were not authorized by Minnesota Statutes.

OTHER OBSERVATIONS AND RECOMMENDATIONS

Timeliness of Bank Reconciliations

Starting in December 2022, the District had turnover of business office employees, which resulted in bank reconciliations not being performed monthly. Internal controls over financial reporting are intended to allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. To be effective, control procedures, such as monthly bank reconciliations, must be performed regularly and in a timely manner. We recommend that the District review its procedures for completing monthly bank reconciliations to ensure that necessary reconciliations can still be performed when the District experiences turnover of key employees.

Payroll Tax Tables

During our audit, we recalculated a sample of employees' paychecks throughout the fiscal year to ensure accuracy of various deductions and withholdings. We noted for one of the paychecks selected, the District had not updated their payroll system with the latest state tax tables that were available for the period. Two months elapsed before the District updated the tax tables to the latest version, which resulted in the over-withholding of employees' state taxes during these payroll periods. We recommend that the District review its payroll procedures in place to ensure the tax tables being used are accurate and up to date.

SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 of the notes to basic financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2023. However, the District implemented the following governmental accounting standard during the year:

As described in Note 1 of the notes to basic financial statements, the District implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs), during fiscal year ended June 30, 2023. The standard changed the way SBITA transactions are reported by the District, but did not result in a restatement of beginning net position in the current year.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

General education revenue and certain other revenues are computed by applying an allowance per student to the number of students served by the District. Student attendance is accumulated in a state-wide database—MARSS. Because of the complexity of student accounting and because of certain enrollment options, student information is input by other school districts and the MARSS data for the current fiscal year is not finalized until after the District has closed its financial records. General education revenue and certain other revenues are computed using preliminary information on the number of students served in the resident district and also utilizing some estimates, particularly in the area of enrollment options.

Special education state aid includes an adjustment related to tuition billings to and from other school districts for special education services, which are computed using formulas derived by the MDE. Because of the timing of the calculations, this adjustment for the current fiscal year is not finalized until after the District has closed its financial records. The impact of this adjustment on the receivable and revenue recorded for state special education aid is calculated using preliminary information available to the District.

The District has recorded a liability in the Statement of Net Position for severance benefits payable for which it is probable employees will be compensated. The "vesting method" used by the District to calculate this liability is based on assumptions involving the probability of employees becoming eligible to receive the benefits (vesting), the potential use of accumulated sick leave prior to termination, and the age at which such employees are likely to retire.

The District has recorded activity for other post-employment benefits (OPEB) and pension benefits. These obligations are calculated using actuarial methodologies, primarily described in GASB Statement Nos. 68, 74, and 75. These actuarial calculations include significant assumptions, including projected changes, healthcare insurance costs, investment returns, retirement ages, proportionate share, and employee turnover.

The depreciation/amortization of capital assets involves estimates pertaining to useful lives.

The District's self-insured activities require recording a liability for claims incurred, but not yet reported, which are based on estimates.

We evaluated the key factors and assumptions used by management to develop the estimates discussed above and on the previous page in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The disclosures included in the notes to the basic financial statements related to OPEB and pension benefits are particularly sensitive, due to the materiality of the liabilities, and the large and complex estimates involved in determining the disclosures.

The financial statement disclosures are neutral, consistent, and clear.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing and completing our audit.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and correct by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

The District passed on the recording of a contract payable in the Capital Projects – Building Construction Fund totaling \$180,825.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated January 4, 2024.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

OTHER MATTERS

We applied certain limited procedures to the management's discussion and analysis and the pension and OPEB-related required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information accompanying the financial statements and the separately issued Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table, which are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section and statistical section, which accompany the financial statements, but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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FINANCIAL TRENDS IN PUBLIC EDUCATION IN MINNESOTA

This section provides some state-wide funding and financial trends in public education in Minnesota.

BASIC GENERAL EDUCATION REVENUE

The largest single funding source for Minnesota school districts is basic general education aid. Each year, the Legislature sets a basic formula allowance. Total basic general education revenue is calculated by multiplying the formula allowance by the number of pupil units for which a district is entitled to aid. Pupil units are calculated using a legislatively determined weighting system applied to average daily membership (ADM). Over the years, various modifications have been made to this calculation, including changes in weighting and special consideration for declining enrollment districts.

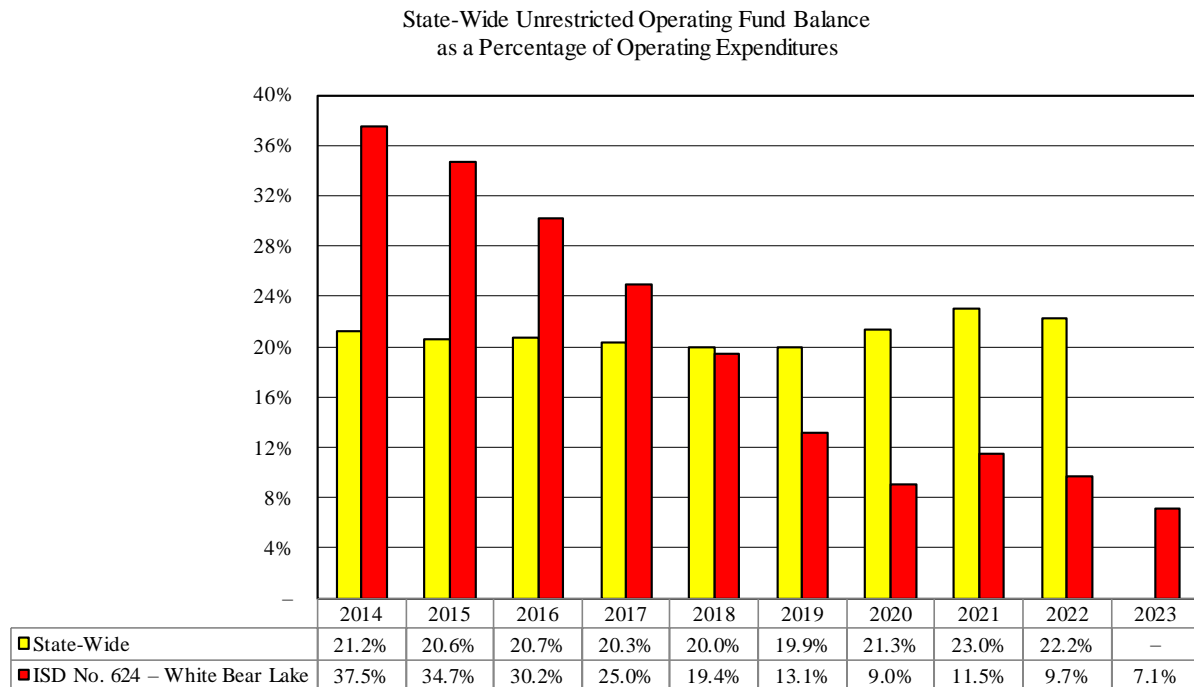
The table below presents a summary of the formula allowance for the past decade and as approved for the next two fiscal years. The 2023 Legislature approved per pupil increases of \$275 for fiscal 2024 and \$143 for fiscal 2025. The amount of the formula allowance and the percentage change from year-to-year excludes temporary funding changes, the “roll-in” of aids that were previously funded separately, and changes that may vary dependent on actions taken by individual districts. The \$529 increase in 2015 was offset by changes to pupil weightings and the general education aid formula that resulted in an increase equivalent to approximately \$105, or 2.00 percent, state-wide.

Fiscal Year Ended June 30,	Formula Allowance	
	Amount	Percent Increase
2014	\$ 5,302	1.50 %
2015	\$ 5,831	2.00 %
2016	\$ 5,948	2.00 %
2017	\$ 6,067	2.00 %
2018	\$ 6,188	2.00 %
2019	\$ 6,312	2.00 %
2020	\$ 6,438	2.00 %
2021	\$ 6,567	2.00 %
2022	\$ 6,728	2.45 %
2023	\$ 6,863	2.00 %
2024	\$ 7,138	4.00 %
2025	\$ 7,281	2.00 %

For fiscal 2026 and beyond, the actual increase will be equal to the Consumer Price Index-Urban (CPI-U), with a floor of 2.00 percent and a cap of 3.00 percent. CPI-U is determined based upon the prior two fourth-quarter totals. The inclusion of inflationary increases to this formula does not prevent future legislative increases from being approved.

STATE-WIDE SCHOOL DISTRICT FINANCIAL HEALTH

One of the most common and comparable statistics used to evaluate school district financial health is the unrestricted operating fund balance as a percentage of operating expenditures.



Note: State-wide information is not available for fiscal 2023.

The calculation above reflects only the unrestricted fund balance of the General Fund, and the corresponding expenditures, which is the same method the state uses for the calculation of statutory operating debt. We have also included the comparable percentages for your district.

The average unrestricted fund balance as a percentage of operating expenditures maintained by Minnesota school districts decreased gradually from 21.2 percent at the end of fiscal 2014 to 19.9 percent at the end of fiscal 2019, a period of relative stability in the state's economic condition and school funding. This ratio began rising again during the fiscal years impacted by the COVID-19 pandemic, increasing to 23.0 percent at the end of fiscal 2021. In 2022, the state-wide ratio decreased to 22.2 percent, as districts returned to more traditional learning models and program operations with the relaxation of pandemic restrictions.

The District's unrestricted operating fund balance as a percentage of operating expenditures was 7.1 percent at the end of the current year, as compared to 9.7 percent at June 30, 2022.

Having an appropriate fund balance is an important factor in assessing the District's financial health because a government, like any organization, requires a certain amount of equity to operate. It is important to review fund balance levels on an ongoing basis to ensure a sufficient equity reserve is available to support programs and cash flow of the District.

The table below shows a comparison of governmental fund revenue per ADM received by Minnesota school districts and your district. Revenues for all governmental funds are included, except for the Capital Projects – Building Construction and Post-Employment Benefits Debt Service Funds. Other financing sources, such as proceeds from sales of capital assets, insurance recoveries, bond sales, loans, and interfund transfers, are also excluded.

Governmental Funds Revenue per Student (ADM) Served								
	State-Wide		Metro Area		ISD No. 624 – White Bear Lake			
	2021	2022	2021	2022	2021	2022	2023	
General Fund								
Property taxes	\$ 2,576	\$ 2,645	\$ 3,411	\$ 3,506	\$ 3,410	\$ 3,805	\$ 3,935	
Other local sources	438	571	323	446	335	389	420	
State	10,514	10,504	10,517	10,536	10,035	10,350	10,522	
Federal	992	1,335	956	1,397	1,005	1,102	711	
Total General Fund	14,520	15,055	15,207	15,885	14,785	15,646	15,588	
Special revenue funds								
Food Service	576	803	568	770	637	838	632	
Community Service	612	731	684	836	766	858	878	
Debt Service Fund	1,512	1,508	1,549	1,537	2,003	2,904	2,854	
Total revenue	<u>\$ 17,220</u>	<u>\$ 18,097</u>	<u>\$ 18,008</u>	<u>\$ 19,028</u>	<u>\$ 18,191</u>	<u>\$ 20,246</u>	<u>\$ 19,952</u>	
ADM served per MDE School District Profiles Report (current year estimated)					<u>8,474</u>	<u>8,345</u>	<u>8,354</u>	
Note: Excludes the Capital Projects – Building Construction and Post-Employment Benefits Debt Service Funds.								
Source of state-wide and metro area data: School District Profiles Report published by the MDE								

ADM used in the table above and on the following page are based on enrollments consistent with those used in the MDE School District Profiles Report, which include extended time ADM, and may differ from ADM reported in other tables. Changes in enrollment also impact comparisons in the table above and on the next page when revenue and expenditures are based on fixed costs, such as debt levies and principal and interest on outstanding indebtedness.

The mix of local and state revenues vary from year-to-year, primarily based on funding formulas and the state's financial condition. The mix of revenue components from district to district varies, due to factors such as the strength of property values, mix of property types, operating and bond referendums, enrollment trends, density of population, types of programs offered, and countless other criteria.

The District had revenue of \$166,683,972 in governmental funds reflected above in fiscal 2023, a decrease of \$2,275,274 (1.3 percent) from the prior year. Total revenue per ADM served decreased by \$294 per student. Revenues from federal sources decreased \$391 per student, due to the spend down of pandemic-related entitlements in prior years. The Food Service Special Revenue Fund decrease of \$206 is mainly the result of the end of the federal program that provided free meals for all students in the prior year. The decreases were offset by increases in state sources and property tax revenue. The increase of \$172 per student in state sources relates to increases in state special education aid. Property tax revenue increased \$130 per student, mainly due to an increase in the voter-approved tax levies, increased revenue from the tax shift, and an improved collection rate.

The following table reflects similar comparative data available from the MDE for all governmental fund expenditures, excluding the Capital Projects – Building Construction and the Post-Employment Benefits Debt Service Funds. Other financing uses, such as bond refundings and transfers, are also excluded.

Governmental Funds Expenditures per Student (ADM) Served								
	State-Wide		Metro Area		ISD No. 624 – White Bear Lake			
	2021	2022	2021	2022	2021	2022	2023	
General Fund								
Administration and district support	\$ 1,184	\$ 1,249	\$ 1,205	\$ 1,300	\$ 819	\$ 890	\$ 917	
Elementary and secondary regular instruction	6,198	6,494	6,527	6,838	6,550	6,493	6,454	
Vocational education instruction	197	210	179	191	130	147	208	
Special education instruction	2,626	2,724	2,792	2,883	3,064	3,188	3,347	
Community service	–	–	–	–	–	22	38	
Instructional support services	812	816	917	939	789	1,250	1,080	
Pupil support services	1,228	1,429	1,285	1,558	1,488	1,797	1,758	
Sites, buildings, and other	1,083	1,113	1,052	1,076	1,610	2,088	1,869	
Total General Fund – noncapital	13,328	14,035	13,957	14,785	14,450	15,875	15,671	
General Fund capital expenditures	793	876	815	897	214	97	271	
Total General Fund	14,121	14,911	14,772	15,682	14,664	15,972	15,942	
Special revenue funds								
Food Service	532	670	522	659	540	636	735	
Community Service	610	689	682	774	755	873	979	
Debt Service Fund	1,576	1,599	1,609	1,561	1,936	2,820	2,947	
Total expenditures	<u>\$ 16,839</u>	<u>\$ 17,869</u>	<u>\$ 17,585</u>	<u>\$ 18,676</u>	<u>\$ 17,895</u>	<u>\$ 20,301</u>	<u>\$ 20,603</u>	
ADM served per MDE School District Profiles Report (current year estimated)					<u>8,474</u>	<u>8,345</u>	<u>8,354</u>	
Note: Excludes the Capital Projects – Building Construction and Post-Employment Benefits Debt Service Funds.								
Source of state-wide and metro area data: School District Profiles Report published by the MDE								

Expenditure patterns also vary from district to district for various reasons. Factors affecting the comparison include the growth cycle or maturity of the District, average employee experience, availability of funding, population density, and even methods of allocating costs.

The District spent approximately \$172,118,652 in the governmental funds reflected above in fiscal 2023, an increase of \$2,710,340 (1.6 percent) from the prior year. General Fund operating expenditures (excluding capital) decreased \$204 per student. Instructional support services decreased \$170 per student, mainly due to purchases made in fiscal 2022 to replace technology. Sites, buildings, and other decreased by \$219 per student, mainly in purchased services, due to timing of facility maintenance project costs. General Fund capital expenditures increased \$174 per student, due to timing of project costs. Special education instruction increased \$159 per student, mainly in salaries and benefits.

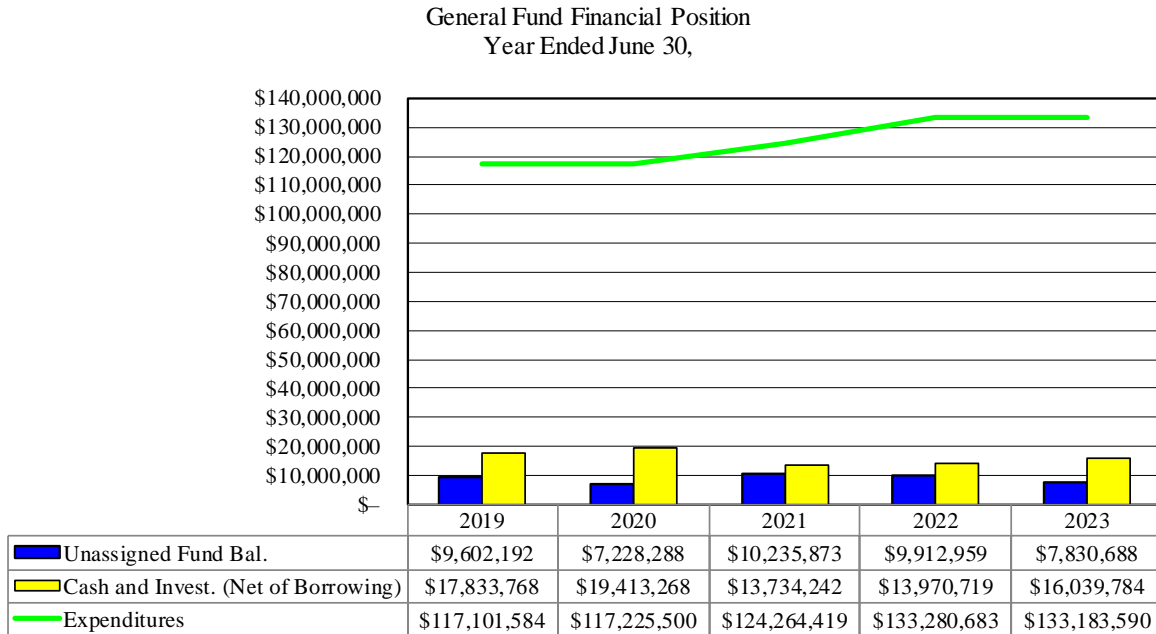
SUMMARY

The COVID-19 pandemic caused numerous financial and operational challenges for districts in recent years; creating instability in student populations, requiring numerous shifts in the delivery of educational services, and resulting in substantial new and unfamiliar federal revenue streams, to name a few. Challenges remain, with tight labor markets, inflationary increases, and the end of many federal pandemic-related funding programs. District school boards, administrators, and employees continue to face many challenges, as districts strive to provide a safe and effective learning experience for their students.

FINANCIAL TRENDS OF YOUR DISTRICT

GENERAL FUND FINANCIAL POSITION

The following graph displays the District's General Fund trends of financial position and changes in the volume of financial activity. Unassigned fund balance and cash balance are two indicators of financial health, while annual expenditures are often used to measure the size of the operation.



The District ended fiscal year 2023 with a General Fund cash balance of \$16,039,784 (net of borrowing), an increase of \$2,069,065 from the previous year, mainly related to decreases in amounts due from the MDE. Unassigned fund balance at year-end (excluding restricted account deficits) was \$7,830,688, a decrease of \$2,082,271.

In total, General Fund revenue and other financing sources were less than expenditures by \$2,914,519. This compares to a budget that projected a decline in fund balance of \$5,592,772. Revenues and other financing sources were higher than budget projections by \$1,275,712 and expenditures were less than budget by \$1,402,541.

GENERAL FUND COMPONENTS OF FUND BALANCE

The following table presents the components of the General Fund's balance for the past five years:

	Year Ended June 30,				
	2019	2020	2021	2022	2023
Nonspendable fund balances	\$ 407,677	\$ 14,573	\$ 62,849	\$ 712,804	\$ 44,626
Restricted fund balances (1)	3,723,893	6,540,545	4,505,782	3,530,300	3,366,230
Unrestricted fund balances					
Assigned	3,344,748	2,000,000	2,000,000	—	—
Unassigned	9,602,192	7,228,288	10,235,873	9,912,959	7,830,688
Total fund balance	<u>\$ 17,078,510</u>	<u>\$ 15,783,406</u>	<u>\$ 16,804,504</u>	<u>\$ 14,156,063</u>	<u>\$ 11,241,544</u>
Unassigned fund balances as a percentage of expenditures	<u>8.3%</u>	<u>6.2%</u>	<u>8.2%</u>	<u>7.4%</u>	<u>5.9%</u>
(1) Includes deficits in restricted fund balance accounts allowed to accumulate deficits under UFARS, which are part of unassigned fund balance on the accounting principles generally accepted in the United States of America-based financial statements.					

The table above reflects the total General Fund unassigned fund balance and percentage, which differs from those used in the previous discussion of state-wide fund balances, which are based on a state formula.

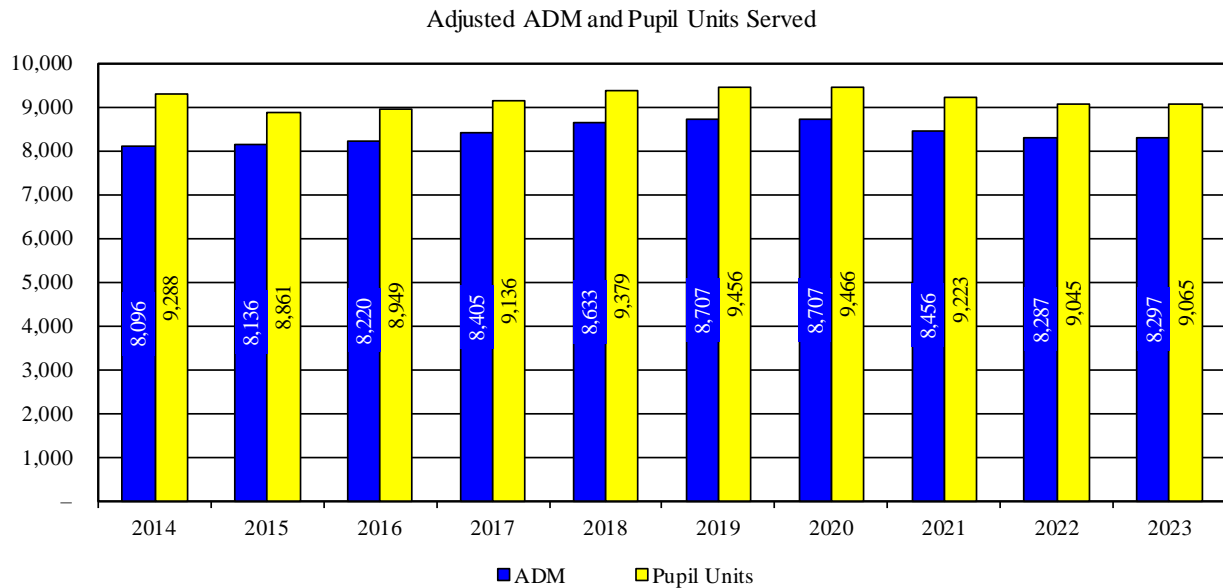
The resources represented by this fund balance are critical to a district's ability to maintain adequate cash flow throughout the year, to retain its programs, and to cushion against the impact of unexpected costs or funding shortfalls.

Fund Balance Policy

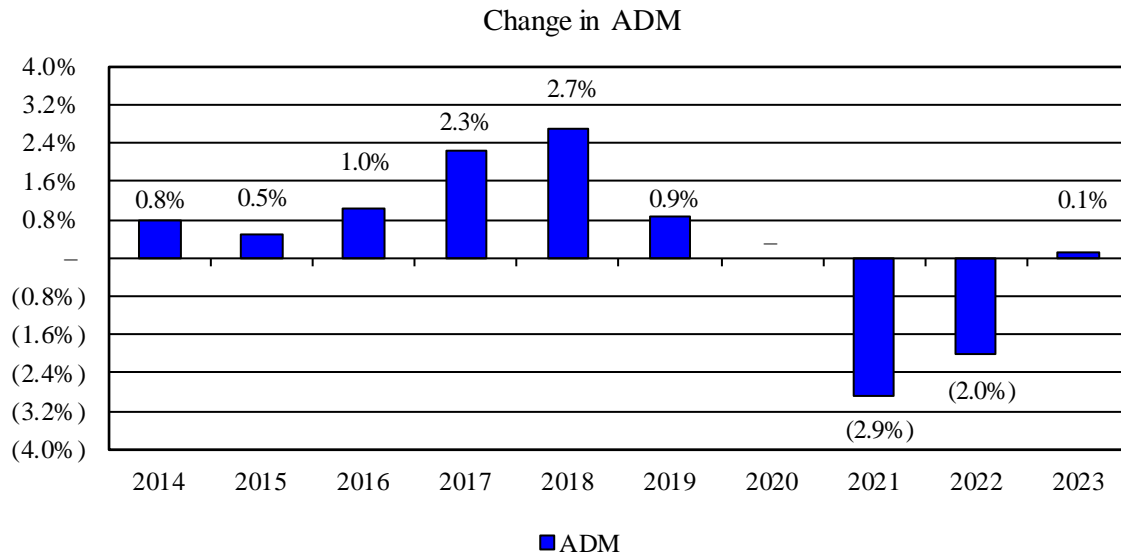
The Board of Education has formally adopted a fund balance policy regarding the unassigned fund balance for the General Fund. The policy states that the District will strive to maintain a minimum unassigned General Fund balance of 8.0 percent of the annual budget, which equates to one month of operating expenditures. At June 30, 2023, the unassigned fund balance of the General Fund was 5.9 percent of total fiscal 2023 expenditures, or 3.1 weeks of operating expenditures.

AVERAGE DAILY MEMBERSHIP (ADM) AND PUPIL UNITS

The following graph presents the District's adjusted ADM and pupil units served for the past 10 years:



The following graph shows the rate of change in ADM served by the District from year-to-year:

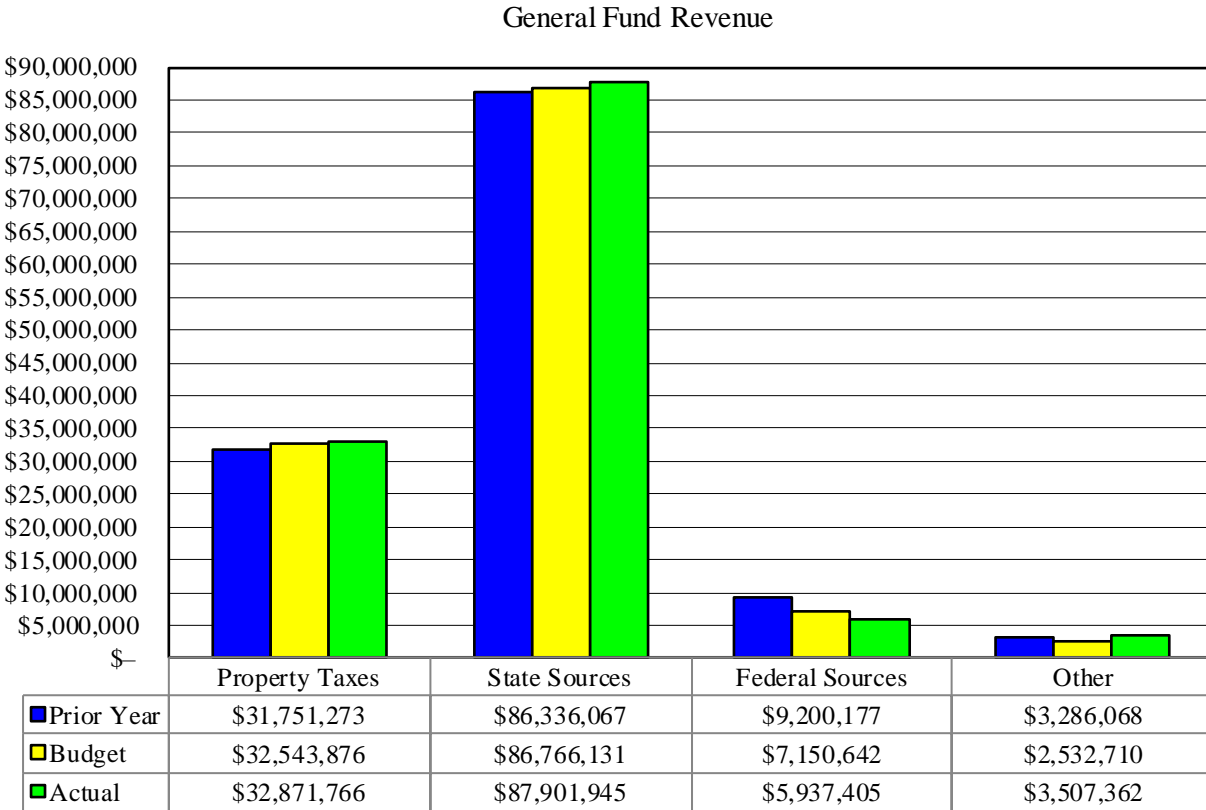


ADM is a measure of students attending class, which is then converted to pupil units (the base for determining revenue) using a statutory formula. Not only is the original budget based on ADM estimates, the final audited financial statements are based on updated, but still estimated ADM, since the counts are not finalized until around January of the following year. When viewing revenue budget variances, one needs to consider these ADM changes, the impact of the prior year final adjustments, which affect this year's revenue, and also the final adjustments caused by open enrollment gains and losses.

The District served an estimated adjusted ADM of 8,297 in 2023, an increase of 10 ADM from the previous year.

GENERAL FUND REVENUE

The following graph summarizes the District's General Fund revenue for 2023:



Total General Fund revenues were \$130,218,478 for the year ended June 30, 2023, which was \$1,225,119 (0.9 percent) over the final budget, and \$355,107 less than the prior year.

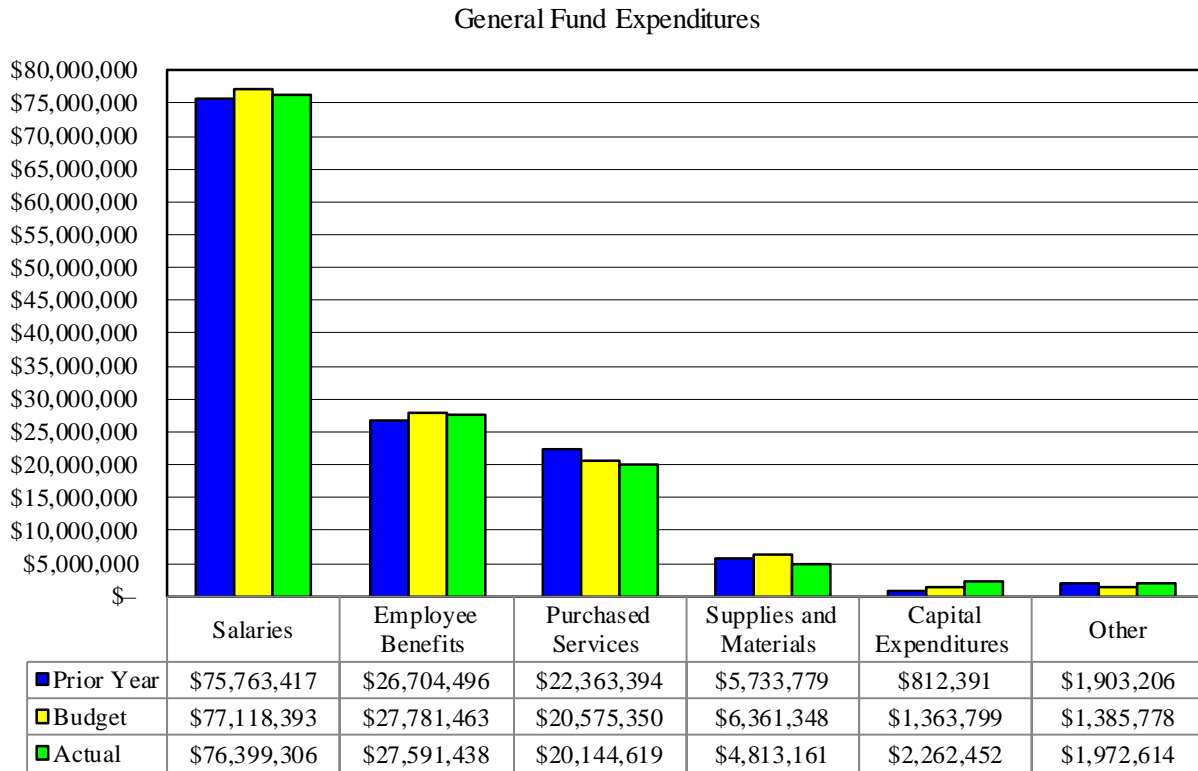
State sources were over budget by \$1,135,814, due to improved funding for special education. Federal sources were under budget by \$1,213,237, primarily due to a decrease in pandemic-related stimulus grant spending. Other revenue was over budget by \$798,136, mainly the result of conservative budgeting in this area.

Property tax revenue increased \$1,120,493, due to an increase in the tax levy, increases from the tax shift, and an improved collection rate. State aid increased \$1,565,878, mainly in special education aid. Revenue decreased \$3,262,772 in federal aid related to decreases in spending of COVID-19 stimulus-related grants and aids as availability is declining.

The graph above reflects the concentration of state sources (67.5 percent), followed by property taxes (25.2 percent) recognized to finance General Fund operations.

GENERAL FUND EXPENDITURES

The following graph summarizes the District's General Fund expenditures for 2023:



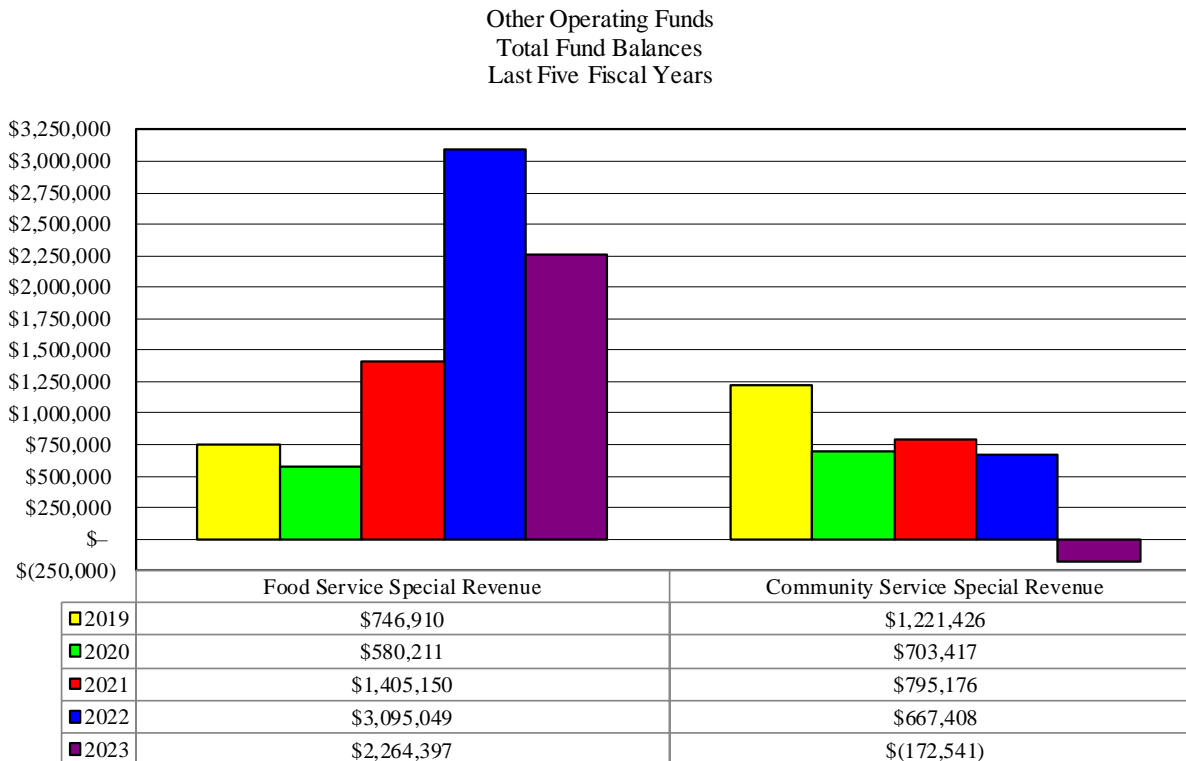
Total General Fund expenditures for 2023 were \$133,183,590 for the year ended June 30, 2023, which was \$1,402,541 (1.0 percent) under the final budget and \$97,093 less than the prior year.

Supplies and materials were under budget by \$1,548,187. Instructional support services supplies and material were under budget by \$913,621, due to the replacement of technology devices not occurring in fiscal 2023 as planned. Salaries and benefits were under budget by \$909,112 spread across multiple programs. Purchased services were under budget \$430,731, mostly in sites and buildings as facilities maintenance project spending was lower than projected. Capital expenditures were more than budget by \$898,653, mainly for instructional support services and sites and buildings. Other expenditures were higher than budget by \$586,836, mainly in regular instruction.

Salaries and benefits increased \$1,522,831, mostly in special education programs. Purchased services decreased \$2,218,775 as sites and buildings costs decreased \$1,856,137, mostly from declines in facilities maintenance projects. Supplies and materials decreased \$920,618, which was due to planned replacement of technology devices in fiscal 2022. Capital expenditures increased \$1,450,061, mainly for pupil support service programs and sites and buildings related costs.

OTHER FUNDS OF THE DISTRICT

The following graph shows what is referred to as the other operating funds. The remaining nonoperating funds are only included in narrative form below, since their level of fund balance can fluctuate significantly, due to such things as issuing and spending the proceeds of refunding or building bonds and, therefore, the trend of fund balance levels is not necessarily a key indicator of financial health. It does not mean that these funds cannot experience financial trouble or that their fund balances are unimportant.



Food Service Special Revenue Fund

The District's Food Service Special Revenue Fund ended fiscal year 2023 with a decrease in fund balance of \$830,652, compared to a budgeted decrease of \$1,333,248. Revenues were \$396,921 over budget, while expenditures were under budget by \$104,433. Revenues were over budget with more meal sales, largely due to conservative budgeting as the District transitioned from federal programs that provided free meals for all students in the prior year.

The Food Service Special Revenue Fund has a year-end fund balance of \$2,264,397, representing 36.9 percent of annual expenditures.

Community Service Special Revenue Fund

The District's Community Service Special Revenue Fund ended the year with a decrease in fund balance of \$839,949, compared to a budgeted decrease of \$186,497. Revenues were \$267,744 over budget, while expenditures were over budget by \$921,196, mainly in extended day programs for afterschool childcare and nonpublic pupil aid related costs.

The Community Service Special Revenue Fund had a year-end deficit fund balance of \$172,541, representing (2.1) percent of annual expenditures.

Over the years, we have emphasized to our clients that food service and community service operations should be self-sustaining and should not become an additional burden on general education funds.

Capital Projects – Building Construction Fund

The Capital Projects – Building Construction Fund is accounting for the costs of capital projects related to bonds issued by the District. These projects were authorized by the Board of Education and through approval of the District's Long-Term Facilities Maintenance Program by the MDE, or by voter approval. Total bond proceeds of \$102,022,563 were utilized in fiscal 2023.

Debt Service Fund

Total funding of debt service is controlled in accordance with each outstanding debt issue's financing plan.

Self-Insured Health Benefits Internal Service Fund

The following table presents the activity reported for the past five fiscal years in this fund:

	2019	2020	2021	2022	2023
Operating revenue					
Contributions from governmental funds	\$ 15,153,666	\$ 15,247,335	\$ 15,124,354	\$ 15,098,324	\$ 14,953,701
Operating expenses					
Self-insured benefits	13,849,119	13,561,064	13,755,394	14,772,569	15,525,864
Operating income (loss)	1,304,547	1,686,271	1,368,960	325,755	(572,163)
Nonoperating revenue					
Investment earnings	46,732	42,814	2,786	4,927	96,402
Income (loss) before transfers	1,351,279	1,729,085	1,371,746	330,682	(475,761)
Transfers (out)	–	–	–	(146,186)	–
Change in net position	1,351,279	1,729,085	1,371,746	184,496	(475,761)
Net position					
Beginning of year	(174,765)	1,176,514	2,905,599	4,277,345	4,461,841
End of year	\$ 1,176,514	\$ 2,905,599	\$ 4,277,345	\$ 4,461,841	\$ 3,986,080

The Self-Insured Health Benefits Internal Service Fund is used to account for health insurance offered by the District to its employees as a self-insured plan. The fund ended the year with a net position of \$3,986,080, representing 25.7 percent of annual operating expenses.

Self-Insured Dental Benefits Internal Service Fund

The Self-Insured Dental Benefits Fund is used to account for dental insurance offered by the District to its employees as a self-insured plan. The fund ended the year with a net position of \$288,316, representing 28.0 percent of annual operating expenses.

Post-Employment Benefits Trust Fund Fiduciary Fund

The District established a Post-Employment Benefits Trust Fund to finance post-employment health benefit liabilities. The District established this fund in fiscal 2009 through the issuance of \$40,085,000 in bonds. These funds are held in trust, restricted for the payment of OPEB liabilities. The net position held in this fund at June 30, 2023 totaled \$29,962,721. This trust will be used by the District in future years to finance the OPEB obligations of the District.

ANALYSIS OF OPEB FUNDING

The District underwent an actuarial study dated July 1, 2021, which was rolled forward to June 30, 2023, to determine the District's post-employment health benefit liabilities, based on current contracts and employees in place.

This OPEB plan is funded by the District's Post-Employment Benefits Trust Fund, which is reported in the District's financial report as a fiduciary fund. As of the most recent actuarial study, the plan was 180.0 percent funded, which is based on an actuarial accrued liability for benefits of \$16,649,317 and the value of assets within the trust fund of \$29,962,721. The assets in the trust fund exceeded the OPEB-accrued liability reported in the actuarial study by \$13,313,404 at June 30, 2023.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's financial statements include fund-based information that focuses on budgetary compliance, and the sufficiency of the District's current assets to finance its current liabilities. The governmental reporting model also requires the inclusion of two government-wide financial statements designed to present a clear picture of the District as a single, unified entity. These government-wide financial statements provide information on the total cost of delivering educational services, including capital assets and long-term liabilities.

Theoretically, net position represents district resources available for providing services after its debts are settled. However, those resources are not always in expendable form, or there may be restrictions on how some of those resources can be used. Therefore, this statement divides net position into three components: net investment in capital assets, restricted, and unrestricted. The following table presents a summarized reconciliation of the District's governmental fund balances to net position, and the separate components of net position for the last two years:

	June 30,		
	2022	2023	Change
Net position – governmental activities			
Total fund balances – governmental funds	\$ 212,456,925	\$ 146,866,181	\$ (65,590,744)
Net OPEB plan related assets	12,548,968	12,652,193	103,225
Total capital assets, less accumulated depreciation/amortization	240,699,562	337,781,675	97,082,113
Total long-term liabilities, excluding net pension liabilities and severance benefits payable	(402,577,569)	(423,535,693)	(20,958,124)
Net pension related liabilities	(104,268,057)	(86,427,441)	17,840,616
Accrued interest payable	(4,582,403)	(5,361,033)	(778,630)
Other	4,023,077	3,995,859	(27,218)
Total net position – governmental activities	<u>\$ (41,699,497)</u>	<u>\$ (14,028,259)</u>	<u>\$ 27,671,238</u>
Net position			
Net investment in capital assets	\$ 27,685,397	\$ 43,576,487	\$ 15,891,090
Restricted	20,465,027	18,595,309	(1,869,718)
Unrestricted	<u>(89,849,921)</u>	<u>(76,200,055)</u>	<u>13,649,866</u>
Total net position	<u>\$ (41,699,497)</u>	<u>\$ (14,028,259)</u>	<u>\$ 27,671,238</u>

Some of the District's fund balances translate into restricted net position by virtue of external restrictions (statutory restrictions) or by the nature of the fund they are in (e.g., Food Service Special Revenue Fund balance can only be spent for food service program costs). The unrestricted net position category consists mainly of the General Fund unrestricted fund balances, offset against noncapital long-term obligations, such as severance payable, net pension, and net OPEB liabilities.

The change in net investments in capital assets typically depends on the relationship between the rate at which the District is adding additional capital assets, the rate capital assets are being depreciated, 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 the current year is also due to facility-related levies, which have allowed the District to undertake improvement projects without additional debt.

The decline in restricted net position is mostly related to amounts restricted for food service, community service, and debt service.

The decline in the General Fund balance and the internal service fund net position offset by the change in the District's share of the Public Employees Retirement Association and the Teachers Retirement Association pension plans attributed to much of the change in unrestricted net position.

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ACCOUNTING AND AUDITING UPDATES

The following is a summary of Governmental Accounting Standards Board (GASB) standards expected to be implemented in the next few years.

GASB STATEMENT NO. 100, *ACCOUNTING CHANGES AND ERROR CORRECTIONS – AN AMENDMENT OF GASB STATEMENT NO. 62*

The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

The requirements of this statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB STATEMENT NO. 101, *COMPENSATED ABSENCES*

The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used, but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled.

This statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used, but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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AGENDA ITEM: **Update on 2024-25 Transition of White Bear Lake Area High School**

MEETING DATE: **January 22, 2024**

SUGGESTED DISPOSITION: **Discussion Item**

CONTACT PERSON(S): **Dr. Alison Gillespie, Assistant Superintendent for Teaching and Learning;**
Russ Reetz, White Bear Lake Area High School Principal

BACKGROUND:

Russ Reetz, Principal of White Bear Lake Area High School will present an update on the work done with staff and students to combine North Campus and South Campus for the 2024-25 school year.

EMPOWER GO EXC
D INNOVATE GO INS
FORM GO BEARS GO
GO EXCEL GO EXPL
INSPIRE GO LEAD
GO ACHIEVE GO CRE
EXPLORE GO GRAD
GO LEAD GO PERFOR
GO ACHIEVE GO CRE
EXPLORE GO GRAD
GO LEAD GO PERFOR
GO ACHIEVE GO CRE

White Bear Lake Area High School update



White Bear Lake Area High School

Our purpose:

We exist to influence student belonging, student agency & student efficacy for and of learning.

Our three guiding questions that all students answer yes to:

1. *Do I belong here?*
2. *Is this Meaningful?*
3. *Can I do this?*

Our Core Values

1. Relationships
2. Ownership
3. Awareness
4. Respect



Staff meetings

Principal Reetz scheduled 1:1 meetings with

- 90+ certified teaching staff
- 30+ Support staff
- 14 clerical staff

Monthly 9-12 Admin meetings

Weekly Building Steering Committee meetings

White Bear Lake Area High School



Student Voice Committee

40 student members of the Class of 2025

1. Student culture, traditions, communication
2. Welcoming, belonging & Leading
 - *Help plan first day of school for Seniors
3. Tour the of the new building followed Q & A

White Bear Lake Area High School



New Spaces

Staff worked with Dr. Dillon on October 23, 2023

1. Re-think instruction & create norms & expectations for the new learning studios
2. Heard from a student panel on what they hope to experience with the new spaces
3. Heard from a staff panel on impact of new spaces and flexible furniture to instruction

White Bear Lake Area High School



Grand Opening Events

August 22, 2024 - Ramp up to school event

August 26, 2024 - Ramp up to school event

August 26, 2024 - Convocation in stadium

August 28, 2024 - 9-12 Open House

August 29, 2024 - Community Open House

White Bear Lake Area High School



First day of school

Seniors First day of school

Tuesday, September 3, 2024

Freshmen First day of School

Wednesday, September 4, 2024

Sophomore & Juniors First day of School

Thursday, September 5, 2024

White Bear Lake Area High School



A typical day at WBLAHS

- We will serve approximately 2700 students
- Staff contract day is 7:30 a.m. - 3:30 p.m.
- School start time is 8:25 a.m.
- Passing time is 6 minutes
- Lunch during Period 4 (3 total lunches)
- 55 minute class periods
- BEAR time (Flex) schedule TBD
- End School Day 3:10 p.m.

White Bear Lake Area High School



Building Layout

WBLAHS has 3 floors, 9 learning towers & 16 learning studios. Each learning studio has between 7-16 rooms.

The room numbers indicate floor, tower, room in that order. *Room #2307 is 2nd floor in tower 3, room 07.



White Bear Lake Area High School

Studio/Classroom Assignments

Towers are assigned by department
Studios are assigned by grade level/content area
This will help limit student movement between floors.

1st & 2nd Floor: (Tower 7/Circle) Freshmen (BARR)
1st Floor: (Tower 2-4) Seniors
2nd Floor: (Tower 2-4) Juniors
3rd Floor: (Tower 2-4) Sophomores



White Bear Lake Area High School

Student Support Teams (by alphabet)

4 Student Support Teams

Associate Principal
Academic Achievement Specialist
School Counselor
Social Worker
School Psych
Chemical Health Specialist
Equity Specialist

1	A-BU BUS-FER
2	FES-HOM HON-LED
3	LEE-MO MP-RIC
4	RID-THA THB-Z

White Bear Lake Area High School



Teacher Leadership

Building Leadership Team

Department Representation
Focus on operations & communication
Department meetings agendas
Staff meeting agendas

Learning Leadership Team

Department Representation
Instructional Playbook
Standards based learning
CIT planning
Staff development planning

White Bear Lake Area High School



Building Operations

- Emergency protocols
- Student attendance/behavior expectations
- Passing Time & hall passes
- BEAR time protocols & expectations
- Student Parking protocols
- Lunchroom expectations
- Student drop-off/pick-up
- Building Leadership Team

White Bear Lake Area High School



Teaching & Learning

- Staff development planning
- Support for new teachers to WBLAHS
- Define roles for instructional coaches
- Plan classroom observations & walkthrough
- Support standards based grading work
- Develop Learning Leadership Team
- Develop plan for Collaborative Inquiry Teams
- Plan transition to Trimesters 2025-26

White Bear Lake Area High School



Student Supports

- Alpha Support Teams
- Multi-Tiered System of Support (MTSS)
- BARR program for Freshmen
- LINK Crew
- Credit Recovery
- Family engagement & Outreach
- Advisory period
- ROAR Time

White Bear Lake Area High School



Staffing & Scheduling

- Course Guide Review & update
- New Course proposal approval
- Student registration planning & implementation
- Determine staffing allocations for 2025-26
- Create master teaching schedule

White Bear Lake Area High School



Activities & Athletics

- School programs
 - Link, StudCo, NHS, Yearbook
- School sponsored clubs
 - Affinity Groups, Key Club, DECA
- Student Interest clubs
 - Any student interest club
- Fine Arts, Activities & Athletics



AGENDA ITEM: **Overview of FY24 Revised Budget and FY25
Projected Budget**

MEETING DATE: **January 22, 2024**

SUGGESTED DISPOSITION: **Discussion Item**

CONTACT PERSON(S): **Tim Wald, Assistant Superintendent for
Finance and Operations;**
Andi Johnson, Director of Finance

BACKGROUND:

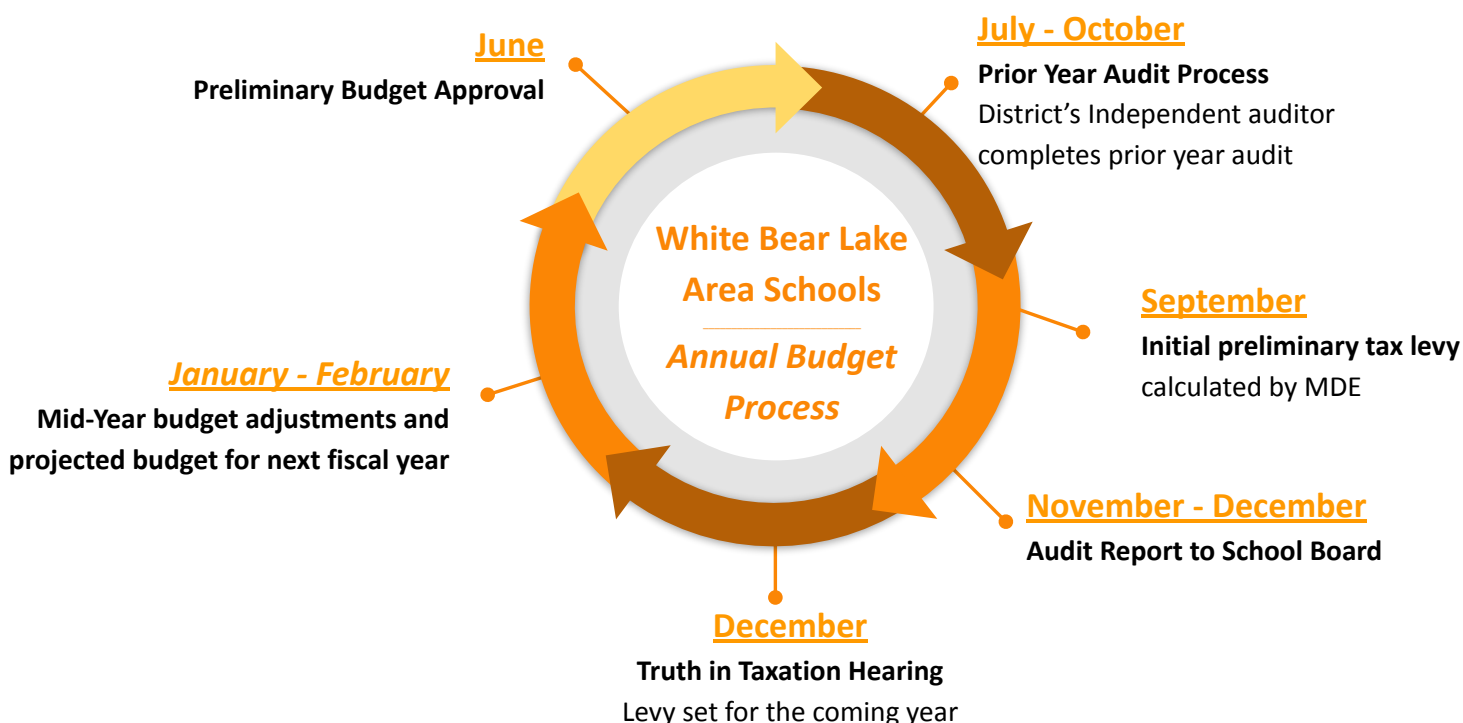
Andi Johnson, Director of Finance and Tim Wald, Assistant Superintendent for Finance and Operations, will present a revised fiscal year 2023-24 budget. Additionally, a projected budget for fiscal year 2024-25 will be presented. The projected budget is used for planning purposes until the preliminary 2024-25 budget is prepared and approved by the Board in June, 2024.



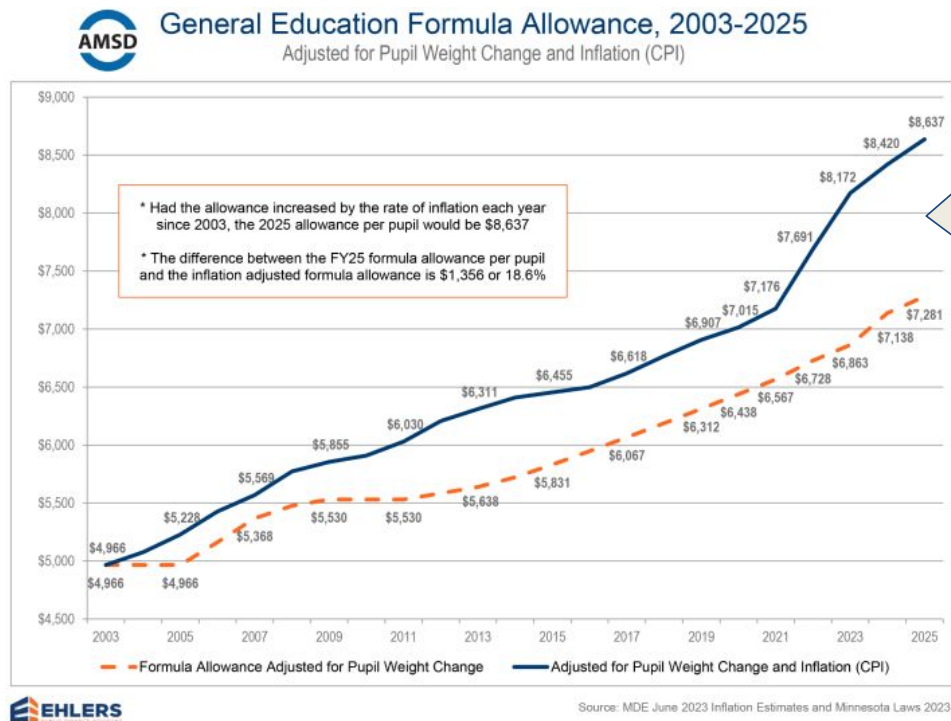
FY2023-24 Revised Budget

January 22, 2024
School Board Meeting

Budget Cycle



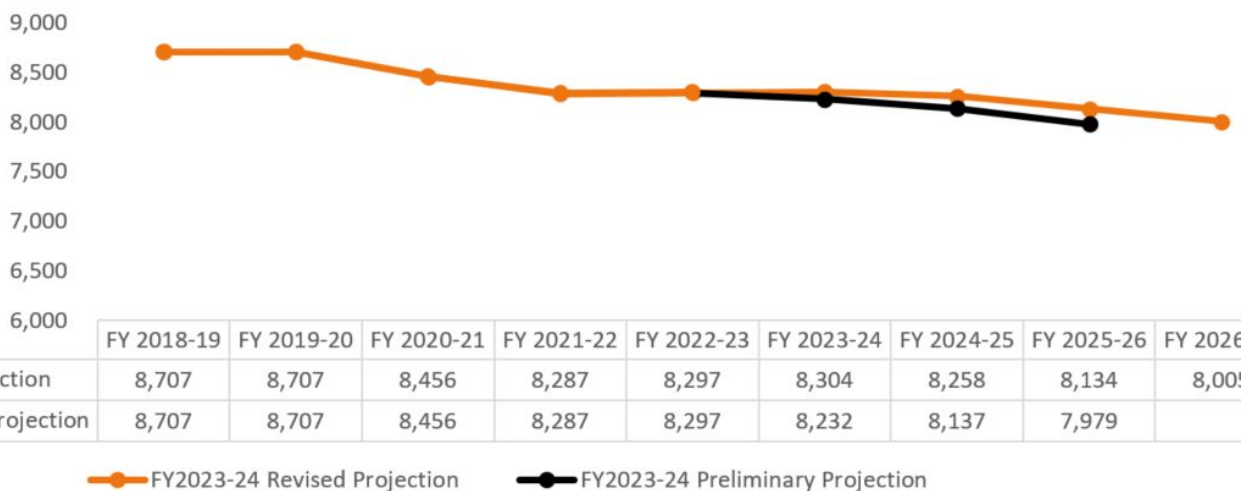
Inflation



Budget Impact:

\$11,206,315

Enrollment Projections



Budget Projection Summary

General Fund	Preliminary 2023-24	Revised 2023-24	Projected 2024-25	Projected 2025-26
Revenues	\$ 135,632,704	\$ 137,920,301	\$ 141,416,702	\$ 143,197,900
Expenditures	\$ 133,033,630	\$ 136,223,278	\$ 142,819,888	\$ 146,190,853
Excess (deficiency) of revenue over expenditures before adjustments	2,599,074	1,697,023	(1,403,186)	(2,992,953)
Budget adjustments			(1,700,000)	(3,200,000)
Net change in fund balances after adjustments	2,599,074	1,697,023	296,814	207,047
Fund balances				
Beginning of year	11,241,543	11,241,543	12,938,566	13,235,380
Ending Fund Balance (Assigned, Restricted and Unassigned)	13,840,617	12,938,566	13,235,380	13,442,427
Ending Fund Balance (Assigned for Student Activities)	385,624	385,624	385,624	385,624
Ending Fund Balance (Restricted for Operating Capital)	1,544,853	2,043,797	2,043,797	2,043,797
Ending Fund Balance (Restricted for Capital Projects)	901,936	882,647	882,647	882,647
Ending Fund Balance (Restricted for Achievement & Integration)	54,161	54,161	54,161	54,161
Ending Fund Balance (Nonspendable)	44,626	44,626	44,626	44,626
Ending Fund Balance (Unassigned)	\$ 10,909,416	\$ 9,527,710	\$ 9,824,524	\$ 10,031,571
Ending Fund Balance (Unassigned as % of expenditures)	8.2%	7.0%	7.0%	7.0%

Tentative Timeline

- February regular board meeting - approve FY2023-24 Revised Budget
- March work session - approve budget adjustments
- May work session - present FY2024-25 Preliminary Budget
- June regular board meeting - approve FY2024-25 Preliminary Budget

White Bear Lake Area Schools
General Fund - Revenues and Expenditures Summary
Revised FY2023-24 & Projected FY2024-25 - FY2025-26 Budgets

General Fund		Actual 2021-22	Actual 2022-23	Preliminary 2023-24	Revised 2023-24	Projected 2024-25	Projected 2025-26
1	Revenue						
2	Local sources						
3	Property taxes	24,780,915	26,687,502	28,490,442	28,477,369	28,716,759	28,968,412
4	Long Term Facilities Maintenance (LTFM) property taxes	6,970,358	3,231,437	4,332,868	4,332,868	6,470,399	6,527,578
5	Investment earnings	16,139	326,516	50,000	150,000	50,000	50,000
6	Other	3,328,586	67,971,854	2,709,840	2,451,726	2,355,230	2,359,221
7	State sources	68,410,781	3,037,439	72,864,442	74,032,110	75,507,680	76,307,672
8	Special Education	17,925,284	19,930,092	24,014,930	24,375,843	25,140,842	25,809,225
9	Federal sources	2,962,256	2,899,968	3,170,182	3,346,565	3,175,792	3,175,792
10	Federal COVID-19 relief funding	6,237,923	6,184,264	—	753,820	—	—
11	Revenues	\$ 130,632,242	\$ 130,269,072	\$ 135,632,704	\$ 137,920,301	\$ 141,416,702	\$ 143,197,900
12							
13	Expenditures						
14							
15	Administration	4,859,360	4,949,923	4,979,976	5,181,670	5,130,558	5,210,476
16	District support services	2,571,817	2,717,002	2,752,091	2,874,995	2,960,586	2,993,151
17	Elementary and secondary regular instruction	54,617,415	54,452,123	53,717,836	53,143,765	54,359,340	55,656,306
18	Vocational education instruction	1,225,126	1,745,537	1,343,286	1,533,006	1,587,452	1,613,531
19	Special education instruction	26,765,265	27,970,665	28,933,525	30,529,761	31,630,350	32,139,319
20	Instructional support services	10,594,212	9,365,907	10,170,033	10,992,570	11,310,945	11,423,090
21	Pupil support services	6,671,240	6,023,376	5,714,686	6,222,758	6,491,205	6,820,219
22	Transportation	8,321,723	9,339,416	9,945,436	9,522,027	9,937,003	10,363,823
23	Sites and buildings	9,139,020	8,749,790	8,744,525	9,458,429	10,409,891	10,795,362
24	Long Term Facilities Maintenance	6,970,358	6,184,264	4,332,868	4,332,868	6,470,399	6,527,578
25	Fiscal and other fixed cost programs	466,359	600,003	639,470	671,531	772,261	888,100
26	Debt service						
27	Principal	785,406	817,244	1,516,548	1,516,548	1,516,548	1,516,548
28	Interest and fiscal charges	293,382	268,342	243,350	243,350	243,350	243,350
29							
30	Expenditures	\$ 133,280,683	\$ 133,183,592	\$ 133,033,630	\$ 136,223,278	\$ 142,819,888	\$ 146,190,853
31							
32	Excess (deficiency) of revenue over expenditures before adjustments	(2,648,441)	(2,914,520)	2,599,074	1,697,023	(1,403,186)	(2,992,953)
33							
34	Budget adjustments					(1,700,000)	(3,200,000)
35							
36	Net change in fund balances after adjustments	(2,648,441)	(2,914,520)	2,599,074	1,697,023	296,814	207,047
37							
38	Fund balances						
39	Beginning of year	16,804,504	14,156,063	11,241,543	11,241,543	12,938,566	13,235,380
40							
41	Ending Fund Balance (Assigned, Restricted and Unassigned)	14,156,063	11,241,543	13,840,617	12,938,566	13,235,380	13,442,427
42							
43	Ending Fund Balance (Assigned - General Fund)	-	-	-	-	-	-
44	Ending Fund Balance (Assigned for Student Activities)	440,281	385,624	385,624	385,624	385,624	385,624
45	Ending Fund Balance (Restricted for Medical Assistance)	-	-	-	-	-	-
46	Ending Fund Balance (Restricted for Learning and Development)	-	-	-	-	-	-
47	Ending Fund Balance (Restricted for Operating Capital)	2,293,520	2,043,797	1,544,853	2,043,797	2,043,797	2,043,797
48	Ending Fund Balance (Restricted for Capital Projects)	712,279	882,647	901,936	882,647	882,647	882,647
49	Ending Fund Balance (Restricted for LTFM)	-	-	-	-	-	-
50	Ending Fund Balance (Restricted for Achievement & Integration)	84,219	54,161	54,161	54,161	54,161	54,161
51	Ending Fund Balance (Nonspendable)	712,804	44,626	44,626	44,626	44,626	44,626
52	Ending Fund Balance (Unassigned)	\$ 9,912,960	\$ 7,830,687	\$ 10,909,416	\$ 9,527,710	\$ 9,824,524	\$ 10,031,571
53	Ending Fund Balance (Unassigned as % of expenditures)	7.4%	5.9%	8.2%	7.0%	7.0%	7.0%
54							
55	Fund Balance Policy 714 Minimum: 8%						

White Bear Lake Area Schools

Nutritional Services, Community Services, and Debt Service Funds - Revenues and Expenditures Summary Revised FY2023-24 Budget

		Actual	Actual	Preliminary	Revised
		2021-22	2022-23	2023-24	2023-24
Nutritional Services Fund					
56	Revenues	6,998,355	5,310,011	6,031,474	7,243,841
57	Expenditures	5,308,456	6,140,663	6,525,717	7,200,385
58					
59	Excess (deficiency) of revenue over expenditures	1,689,899	(830,652)	(494,243)	43,456
60	Ending Fund Balance	\$ 3,095,048	\$ 2,264,396	\$ 1,770,153	\$ 2,307,852
61	Ending Fund Balance (as % of expenditures)	58.3%	36.9%	27.1%	32.1%

		Actual	Actual	Preliminary	Revised
		2021-22	2022-23	2023-24	2023-24
Community Services Fund					
62	Revenues	7,159,633	7,335,528	7,882,249	7,700,644
63	Expenditures	7,287,402	8,175,477	7,855,053	8,000,228
64					
65	Excess (deficiency) of revenue over expenditures	(127,769)	(839,949)	27,196	(299,584)
66	Ending Fund Balance	\$ 667,408	\$ (172,541)	\$ (145,345)	\$ (472,125)
67	Ending Fund Balance (as % of expenditures)	9.2%	-2.1%	-1.9%	-5.9%

		Actual	Actual	Preliminary	Revised
		2021-22	2022-23	2023-24	2022-23
Debt Service Fund					
68	Revenues	33,644,221	23,846,197	28,217,881	28,217,881
69	Expenditures	32,381,772	24,618,921	27,280,110	27,280,110
70					
71	Excess (deficiency) of revenue over expenditures	1,262,449	(772,724)	937,771	937,771
72	Ending Fund Balance	\$ 4,975,001	\$ 4,202,277	\$ 5,140,048	\$ 5,140,048
73	Ending Fund Balance (as % of expenditures)	15.4%	17.1%	18.8%	18.8%

C. OPERATIONAL ITEMS

AGENDA ITEM: **Action on FY23 Annual Audit Report**

MEETING DATE: **January 22, 2024**

SUGGESTED DISPOSITION: **Operational Item**

CONTACT PERSON(S): **Tim Wald, Assistant Superintendent for**
Finance and Operations;
Andi Johnson, Director of Finance

BACKGROUND:

Earlier in the meeting Mr. Jim Eichten from the District's auditing firm of Malloy, Montague, Karnowski, Radosevich and Co., P.A. (MMKR), presented the fiscal year 2022-23 audit report. The next step in the annual budget process is for the Board to vote on approval of the report that was presented.

RECOMMENDATION:

Approve the fiscal year 2022-23 audit report as presented.

D. NEGOTIATIONS

AGENDA ITEM: **Labor Negotiations***

MEETING DATE: **January 22, 2024**

SUGGESTED DISPOSITION: **Discussion Item**

CONTACT PERSON(S): **Matt Mons, Director of Human Resources,**
General Counsel

BACKGROUND:

Matt Mons, Director of Human Resources, will provide information on labor negotiations.

This portion of the meeting will be closed as permitted by Minnesota statutes.

**This portion of the meeting may be closed to consider strategy for labor negotiations, including negotiation strategies or developments or discussion and review of labor negotiation proposals, conducted pursuant to Minn. Stat. 179A.01 to 179A.25.*