

Annual Comprehensive Financial Report

Minneapolis Public Schools
Special School District No. 1
Minneapolis, Minnesota
For the Year Ended June 30, 2023

www.mpls.k12.mn.us

John B. Davis Education and Service Center | 1250 W. Broadway Ave. Minneapolis, MN 55411

ANNUAL COMPREHENSIVE

FINANCIAL REPORT

OF

**MINNEAPOLIS PUBLIC SCHOOLS
SPECIAL SCHOOL DISTRICT NO. 1
MINNEAPOLIS, MINNESOTA**

For the Year Ended

June 30, 2023

Prepared by

THE FINANCE DEPARTMENT

MINNEAPOLIS PUBLIC SCHOOLS
SPECIAL SCHOOL DISTRICT NO. 1

John B. Davis Education and Service Center
1250 W. Broadway Ave.
Minneapolis, MN 55411

**Minneapolis Public Schools
Special School District No. 1
Minneapolis, Minnesota
Table of Contents**

| | |
|---|-----|
| I. Introductory Section | |
| Board of Education and Administration | 1 |
| Letter of Transmittal | 3 |
| ASBO Certificate of Excellence in Financial Reporting | 7 |
| Organizational Chart | 9 |
| | |
| II. Financial Section | |
| Independent Auditor's Report | 11 |
| | |
| Management's Discussion and Analysis | 15 |
| | |
| Basic Financial Statements | |
| Government-Wide Financial Statements | |
| Statement of Net Position | 32 |
| Statement of Activities | 33 |
| Fund Financial Statements | |
| Balance Sheet – Governmental Funds | 34 |
| Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position | 35 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds | 36 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 37 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund | 38 |
| Statement of Net Position – Proprietary Funds | 39 |
| Statement of Revenues, Expenditures, and Changes in Fund Net Position – Proprietary Funds | 40 |
| Statement of Cash Flows – Proprietary Funds | 41 |
| Statement of Fiduciary Net Position | 42 |
| Statement of Changes in Fiduciary Net Position | 42 |
| Notes to Basic Financial Statements | 43 |
| | |
| Required Supplementary Information | |
| Schedule of Changes in Net OPEB Liability and Related Ratios | 92 |
| Schedule of Employer Contributions – OPEB | 94 |
| Schedule of Investment Returns OPEB Trust | 96 |
| Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability – General Employees Retirement Fund | 98 |
| Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability – TRA Retirement Fund | 98 |
| Schedule of District Contributions – General Employees Retirement Fund | 99 |
| Schedule of District Contributions – TRA Retirement Fund | 99 |
| Notes to the Required Supplementary Information | 100 |

**Minneapolis Public Schools
Special School District No. 1
Minneapolis, Minnesota
Table of Contents**

Supplementary Information

| | |
|--|-----|
| Combining Balance Sheet – Nonmajor Governmental Funds | 108 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds | 109 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Food Service Special Revenue Fund | 110 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Community Service Special Revenue Fund | 111 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund | 112 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Capital Project Building Construction Fund | 113 |
| Uniform Financial Accounting and Reporting Standards Compliance Table | 114 |

III. Statistical Section – Statistical Section (Unaudited)

Financial Trends

| | |
|--|-----|
| Net Position by Component | 118 |
| Changes in Net Position | 120 |
| Changes in Fund Balances of Governmental Funds | 122 |
| Fund Balances of Governmental Funds | 124 |
| General Fund Revenue by Source | 127 |
| General Fund Expenditures by Program | 128 |
| Summary of Revenues and Expenditures | 130 |
| Cash and Investments by Fund | 132 |

Revenue Capacity

| | |
|---|-----|
| General Governmental Tax Revenues by Source and Levy Type | 134 |
| Tax Capacities and Market Values | 135 |
| School Tax Levies, and Tax Rates | 136 |
| Direct and Overlapping Property Tax Rates | 137 |
| Principal Property Taxpayers | 139 |
| Property Tax Levies and Receivables | 140 |

Debt Capacity

| | |
|---|-----|
| Ratios of Outstanding Debt by Type | 142 |
| Ratios of General Bonded Debt Outstanding | 144 |
| Ratio of Annual Debt Expenditures | 146 |
| Direct and Overlapping Debt | 147 |
| Legal Debt Martin Information | 148 |

Demographic and Economic Information

| | |
|-------------------------------------|-----|
| Demographic and Economic Statistics | 150 |
| Principal Employers | 153 |

Operating Information

| | |
|-----------------------------|-----|
| Employees by Classification | 154 |
| Student Enrollment | 156 |
| Operating Statistics | 157 |
| Building Information | 158 |

**Minneapolis Public Schools
Special School District No. 1
Board of Education and Administration
June 30, 2023**

| Board of Education | Position | Term Expires |
|--------------------|------------------------|--------------|
| Kim Ellison | Director | 2025 |
| Collin Beachy | Vice Chair | 2027 |
| Lori Norvell | Clerk | 2027 |
| Abdul Abdi | Treasurer | 2027 |
| Fathia Feerayarre | Director | 2027 |
| Adriana Cerrillo | Director | 2025 |
| Sharon El-Amin | Chair | 2025 |
| Joyner Emerick | Director | 2027 |
| Ira Jourdain | Director | 2025 |
| Halimah Abdullah | Student Representative | 2023 |
| Abdihafid Mohamed | Student Representative | 2023 |

Administration

| | |
|------------------|---|
| Rochelle Cox | Interim Superintendent |
| Ibrahima Diop | Senior Officer of Finance & Operations |
| District Offices | Special School District No. 1 Minneapolis Public Schools 1250 West Broadway Avenue Minneapolis, MN 55411 |

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December 27, 2023

To: People of Minneapolis
Board of Education
Rochelle Cox, Interim Superintendent

INTRODUCTION

We respectfully submit the Annual Comprehensive Financial Report (ACFR) of Special School District No. 1, Minneapolis, Minnesota (the “District” or “MPS”), for the fiscal year ended June 30, 2023. Responsibility for the entire financial report rests with district management including the financial information and internal controls throughout the audited fiscal year. The report contains all funds of the District in conformity with accounting principles generally accepted in the United States of America for defining the reporting entity.

The Governmental Accounting Standards Board (GASB) Statement No. 34 requires that the district includes within its ACFR a management discussion and analysis (MD&A) report, which allows the district to explain its financial position and the results of its operations for the past fiscal year.

The ACFR includes three primary sections:

- Introductory Section
- Financial Section
- Statistical Section

The introductory section includes a list of principal officials, an organizational chart, awards, and acknowledgements (if applicable), and this transmittal letter. The financial section includes the basic financial statements, individual fund statements and related schedules, and required supplementary information. The independent auditor’s report is also included in the financial section. The independent auditor’s report includes the basis for opinion on the District’s financials and internal controls for the fiscal year. Notes to the financial section are provided to enhance the reader’s understanding of the District’s accounting policies and procedures. The statistical section includes selected financial and general information presented on a multiyear comparative basis.

ECONOMIC CONDITION AND OUTLOOK

MPS is a full service, comprehensive special school district created by the Minnesota Legislature in 1959, although the district had been operating under different organizational structures since 1860. MPS provides full day kindergarten through twelfth grade general education services as well as special education services, career and technical instruction, early childhood and voluntary pre-kindergarten programming, and adult basic educational programming taught by licensed Minnesota educators. The district also offers community education, school age care, and after school enrichment programming, as well as culinary and transportation services for students.

MPS, Minnesota’s fourth largest school district by enrollment, is governed by the Minneapolis Board of Education (the “school board”), a publicly elected board with nine members, six of whom represent geographic sub-districts and three at-large members elected citywide. Board directors are elected to four-year terms which are staggered so that half of the seats stand for election every two years, with an additional seat elected in even non-Presidential years.

ECONOMIC CONDITION AND OUTLOOK (CONTINUED)

The board's primary duties include monitoring the district's budget, setting district policies, and selecting a Superintendent to manage the day-to-day affairs of the district. The district's boundaries are coterminous with those of the City of Minneapolis. The estimated population for the City of Minneapolis is 435,105.

MPS exists independently from other local government entities such as the City of Minneapolis, Hennepin County, or the Metropolitan Council, with its own governing body, budgetary authority, and taxing power. The appropriated budget includes the District's governmental funds including The General Fund, Food Service Fund, Community Service Fund, and the Debt Service Fund. The budgetary authority of the District is annually appropriated with approval by The District's Board of Education which is The District's legal level of budgetary control. MPS is overseen by the Minnesota Department of Education.

MPS process for budgeting is a multi-month budget tie out process that takes the knowledge of key members throughout the District in the development and recommendation to the Finance Committee. After the recommendation to the Finance Committee the budget is presented to the MPS Board of Education for approval by resolution.

For 2022–2023, district facilities included forty-three elementary schools, eight middle schools, two K-8 schools, ten high schools, a transition school, and four district administration buildings. District facilities were constructed between 1898 and 2018, with the largest concentration being constructed in the 1920s. The district finances major upkeep, as well as major updates such as remodeling or additions, with capital project funding. The full list of District building information is listed in the Statistics Section of the ACFR.

Adjusted membership for the 2022-23 school year was 28,290, a decrease of 786 from the previous year. Projected membership for the next three years is 27,004 in fiscal year 2024, 26,798 in fiscal year 2025, and 25,706 in fiscal year 2026.

The tax base of the district increased 2.1 percent during the past year. The market value of all taxable property in the district in fiscal year 2023 was \$60,047,658,199 compared to \$58,812,067,511 in fiscal year 2022. The net tax capacity of the district for fiscal year 2023 was \$704,727,774 an increase of 1.1 percent over the prior year value of \$697,098,964.

The state fiscal disparities law provides for the pooling of 40.0 percent of all new commercial/industrial property valuation added since 1971 in the seven-county Minneapolis-Saint Paul metropolitan area. The pooled valuation is redistributed among the taxing authorities according to population and a ratio measuring relative fiscal capacity. Local tax rates reflect the net contribution/distribution of fiscal disparities valuation. The District has been a net contributor to the fiscal disparities pool in recent years. The District contributed \$22,128,927 in fiscal year 20223 and \$23,533,523 in fiscal year 2022.

FINANCIAL INFORMATION

The District's accounting system has been designed to reasonably assure the safety of district assets and the reliability of financial records with adequate internal controls and segregation of duties across finance department staff. Financial statements are prepared in conformity with generally accepted accounting principles as specified by the Governmental Accounting Standards Board. ("GASB"). The accounting principle of reasonable assurance recognizes that the costs of internal controls should not exceed the benefits derived, and that management must use judgement and estimation in determining the value of costs and benefits.

FINANCIAL INFORMATION (CONTINUED)

The District's main sources of revenue are revenue from the State of Minnesota, property taxes, federal sources, and other revenues. State aid is primarily tied to the District's enrollment. Changes to the District's enrollment will lead to changes to state aid received. Property tax support remains stable for the District for the future fiscal years of the District. The District's use of one-time COVID relief funds provided the District support for fiscal year 2023 and will continue to provide support for The District through September 2024.

The District has an internal policy to maintain an unassigned General Fund balance of 8% of current fiscal year budgeted expenditures. The District ending the fiscal year with an unassigned balance of \$60,025,541 which amounts to 8.7% of the subsequent fiscal year budgeted expenditures. The District maintains a total General Fund balance of \$143,285,451 and a total Governmental Fund balance of \$425,061,268. Below are some facts about the 2022–2023 fiscal year financial and nonfinancial information:

Revenues:

- General Fund revenue decreased approximately \$13.5 million compared to the previous fiscal year. The decrease is primarily related to state sources of funding due to lower enrollment.
- The basic per pupil General Education formula amount from the state is \$6,863 for fiscal year 2023 (a 2.0% increase from fiscal year 2022). The rate per pupil is a driving factor in the amount of General Education the District will receive.
- The District recorded revenue of approximately \$237.0 million in fiscal year 2023 for property taxes related to The District's levy. This is the District's second largest source of revenue after revenue received from state sources.

Expenditures:

- General Fund expenditures decreased approximately \$7.1million compared to the previous fiscal year. The decrease in salaries is the main reason General Fund expenditures decrease compared to last fiscal year.
- Most of the District's expenditures are related to employee salaries and benefits. The largest share of the cost of salaries and benefits are related to expenditures for instruction of students.
- The District continues to use its general resources to finance a great portion of special education services, as the state and federal government reimbursement rates are insufficient to fully fund these costs.

MPS One-Time COVID Funds Overview

To support school districts with unexpected costs from the COVID-19 pandemic, federal and state governments began offering one-time funding to school districts. This money is being provided to address academic achievement, supplement technology expenses, ensure clean and healthy learning environments, invest in comprehensive support for students and school communities, and to stabilize and diversify the educator workforce. The District has been awarded the following:

- Governor's Emergency Education Relief Fund (GEER): \$1,464,204 awarded
- Coronavirus Relief Funds (CRF): \$10,929,242 awarded
- Elementary and Secondary School Emergency Relief Fund (ESSER I): \$18,705,817 awarded
- ESSER II: \$71,005,780 awarded
- American Rescue Plan (ARP/ESSER III): \$159,468,895 awarded

The MPS ESSER III plan was shaped by feedback from the MPS American Rescue Plan Stakeholder Committee (including staff members, union representatives, students and families, and community partners), American Indian tribal consultation, an online submission form, and direct input from individuals and organizations.

FINANCIAL INFORMATION (CONTINUED)

MPS One-Time COVID Funds Overview (Continued)

Because the grant funds are in year three of a three-year period, the District is looking to prioritize investments that will not incur ongoing costs once the grant has ended. The District is committed to ensuring that any ESSER-funded programs or services ESSER funds can be sustained once the grant ends.

The District will also consider using some of the federal dollars to ensure sufficient staffing levels and ensure continuity of existing programs and services. In recent years, declining student enrollment, insufficient state funding and increased costs have made it difficult for the District to maintain the high-quality programs and opportunities families expect. Using a portion of the federal ESSER III Funds to stabilize the District's budget is allowable under the American Rescue Plan and likely will be part of helping us realize the district's short- and longer-term goals.

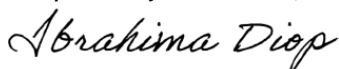
OTHER INFORMATION

State law requires an annual audit by independent certified public accountants. The accounting firm of BerganKDV, LTD. was selected by the School Board to conduct the annual audit for the fiscal year ended June 30, 2023. In addition to meeting the requirements set forth by state law, the audit also was designed to meet the requirements of the federal Single Audit Act as amended in 1996, and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The independent auditor's report on the financial statements is included in the financial section of this report. The independent auditor's reports related specifically to the single audit are issued as a separate report, which is available from the District upon request.

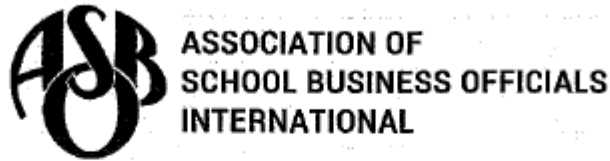
This report has been prepared following guidelines recommended by the Association of School Business Officials (ASBO) International for its Certificate of Excellence in Financial Reporting program and Government Finance Officers Association (GFOA) for its Certificate of Achievement for Excellence in Financial Reporting. Achieving recognition from these two programs is a primary financial goal for the District as this would indicate high standards in financial reporting and accountability for the District. This is the second year the District has prepared an Annual Comprehensive Financial Report. The District was awarded a Certificate of Excellence in Financial reporting from the Association of School Business Officials International for the 2022 Annual Comprehensive Financial Report.

The District's continued commitment to excellent financial stewardship and robust local tax base has resulted in Moody's Investor Services reaffirming the District's Aa2 credit rating, which signifies high quality credit rating, and the district is subject to very low credit risk. We acknowledge the efforts of the entire Accounting staff in providing complete and accurate data for the fiscal year 2023 ACFR. Credit is also due to the School Board for its governance and unfailing support of maintaining the highest standards of stewardship of the District's finances.

Respectfully submitted,



Ibrahima Diop
Chief Financial & Operations Officer



The Certificate of Excellence in Financial Reporting
is presented to

Minneapolis Public Schools

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

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



A handwritten signature in black ink, reading 'John W. Hutchison', written over a horizontal line.

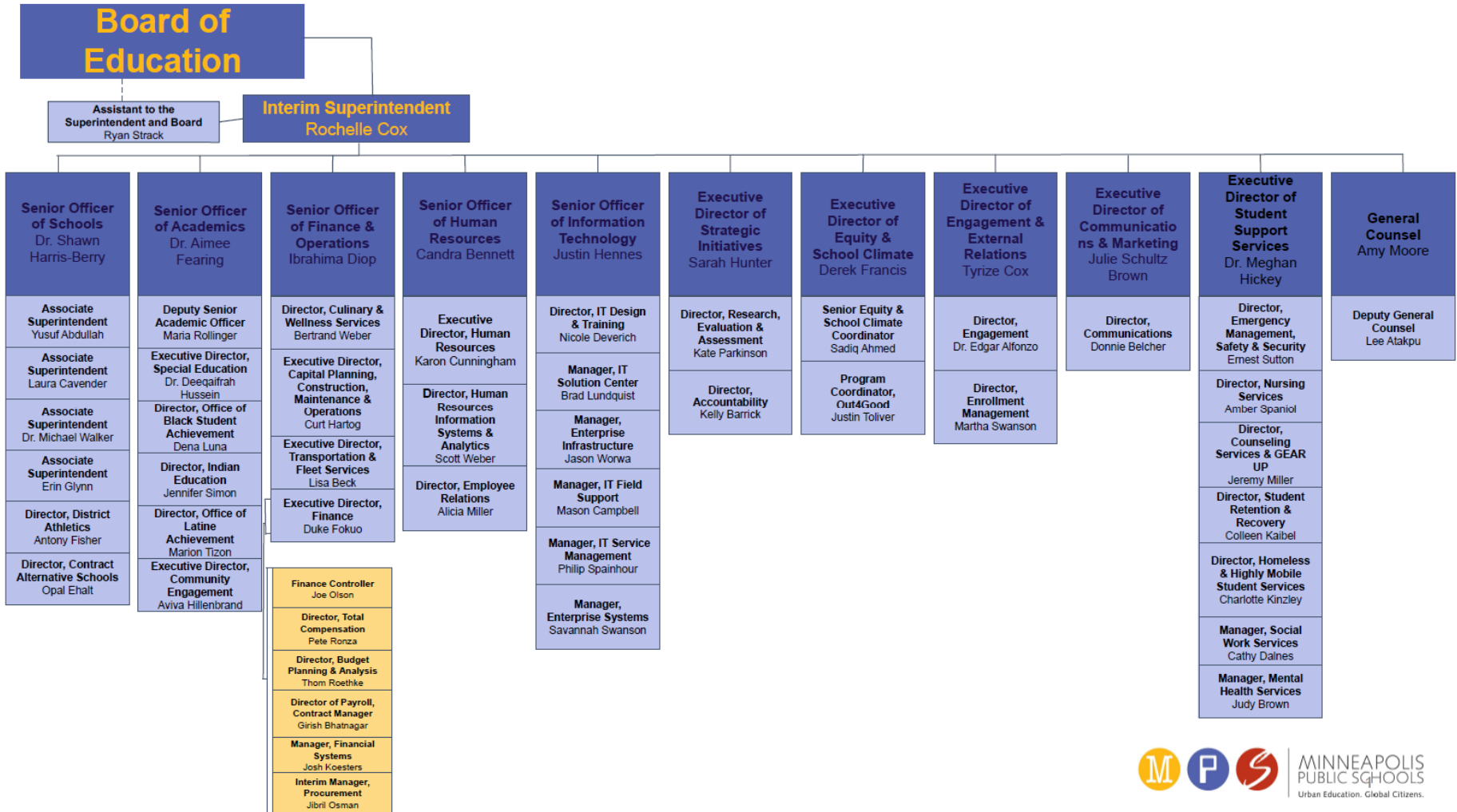
John W. Hutchison
CAE
President

A handwritten signature in black ink, reading 'Siobhán McMahon', written over a horizontal line.

Siobhán McMahon,
Chief Operations Officer/
Interim Executive Director

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Minneapolis Public Schools Special School District No. 1 Organizational Chart



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Independent Auditor's Report

To the School Board
Minneapolis Public Schools
Special School District No. 1
Minneapolis, Minnesota

Report on the Audit of the Financial Statements

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Minneapolis Public Schools, Special School District No. 1, Minneapolis, Minnesota, as of and for the year ended June 30, 2023, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Minneapolis Public Schools, Special School District No. 1, as of June 30, 2023, and the respective changes in financial position 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Minneapolis Public Schools, Special School District No. 1 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 – Implementation of GASB 96

The District has 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.

Responsibilities of Management for the Financial Statements

The management of Minneapolis Public Schools, Special School District No. 1 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.

Responsibilities of Management for the Financial Statements (Continued)

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

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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, which 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and Required Supplementary information 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 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 Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information identified in the Table of Contents is presented for purposes of additional analysis and is 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial 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.

Other Reporting Required by *Government Auditing Standards*

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

BerganKDV, Ltd.

Minneapolis, Minnesota
December 27, 2023

**Minneapolis Public Schools
Special School District No. 1
Management's Discussion & Analysis**

This section of the district's annual financial report presents a discussion and analysis of the district's financial performance during the fiscal year ending June 30, 2023. Please read it alongside the financial statements that immediately follow this section.

Management's Discussion & Analysis ("MD&A") is required supplementary information as specified by GASB No. 34, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments*, issued in June 1999. Certain comparative information between the current year (2022-2023) and the prior year (2021-2022) is required to be presented in the MD&A.

Financial Highlights

- Fund balances across all governmental funds decreased by \$16.4 million. The primary driver of this decline was a net change of (\$20.7M) in the Capital Projects fund. Additionally, there was a modest net change to the General Fund balance of (\$1.7M). These were offset by an increase of about \$3.0M in the Debt Service fund and \$3.0M across other governmental funds.
- Governmental fund revenues were \$796.7M, an increase of about \$10.5M from the prior fiscal year. The increase is due to a \$17.5M in earnings on district investments and an \$10.2M increase in property tax revenue. These increases were offset by a (\$16.7M) change in revenue from state sources and a (\$6.1M) change in revenue from federal sources.
- Governmental expenditures of \$894.2M was an increase of \$21.5M from the prior fiscal year, due almost entirely to a \$23.3M increase in expenditures in the Capital Projects fund.

Overview of the Financial Section

The financial section of the annual audit report consists of four subparts: the Independent Auditor's report, required supplementary information, including MD&A, the basic financial statements, and supplementary information to those statements. The financial statements include two kinds of statements that present different views of the district:

- **Government-wide financial statements** provide both a *short-term* and *long-term* information about the district's *overall* financial status. These are the first two financial statements.
- The remaining statements are **fund financial statements** that focus on *individual parts* of the district, reporting the district's operations in more detail than the government-wide statements.

Within these fund financial statements are three different types of fund statements:

- **Governmental funds statements** tell how basic services such as regular education, special education, and other services were financed in the *short-term* as well as what remains for future spending.
- **Proprietary funds statements** offer *short-term* and *long-term* financial information about the district's self-insured risk management activities.
- **Fiduciary funds statements** provide information about the financial relationships in which the district acts solely as a *trustee* or *agent* for the benefit of others to whom the resources belong.

**Minneapolis Public Schools
Special School District No. 1
Management's Discussion & Analysis**

Overview of the Financial Section (Continued)

The financial statements also include notes that explain some of the information in the statements, as well as providing more detail.

Government-Wide Statements

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

Our financial statements include two government-wide statements that report on the district's net position. The net position is the difference between the district's assets and liabilities and is one way to measure the district's financial health. Over time, increases or decreases in the district's net position are an indicator of whether its financial position is improving or deteriorating. However, to assess the overall health of the district you must consider additional non-financial factors such as, but not limited to, the district's property tax base and the condition of school buildings and other facilities.

Government-wide financial statements show the district's activities through the singular category of '*Governmental Activities*', which includes most basic district services such as, but not limited to regular education, special education, transportation, administration, food service and community education. These activities are primarily financed through property taxes and various state aids.

Fund Financial Statements

Fund financial statements provide more detailed information about the district's funds with a focus on the most significant funds, as opposed to the district as a whole. "Funds" are accounting devices used by the district to track specific sources of funding alongside the expenses for a particular set of programs. Some funds are required under state law and/or by bond covenants, while other funds may be established by the district to control and manage money for particular purposes (e.g., repayment of long-term debt) or to show that certain revenues (such as federal grants) are being properly expended.

- **Governmental Funds** - Most of the district's basic services are included in governmental funds, which usually focus on how cash and cash equivalents flow into and out of the district; as well as any remaining balance at the end of the fiscal year that are available for spending. Consequently, governmental funds statements provide a detailed short-term view that can help determine the availability of resources in the near future that can be used to finance district programming. Since this information does not encompass the additional long-term information included in the government-wide statements, we provide additional information immediately following the governmental funds statements in the form of reconciliation schedules to explain the relationship between the two types of financial presentations. These additional statements follow immediately after the governmental funds statements.

**Minneapolis Public Schools
Special School District No. 1
Management's Discussion & Analysis**

Overview of the Financial Section (Continued)

The district has three categories of funds:

- **Proprietary Fund – Internal Service Fund** – Used to report activities that provide supplies and services for the district's other programs and activities. The district currently has one internal service fund through which it records financial activity related to the self-insurance of worker's compensation, property, and liability. This fund is also used to accumulate and record the district's liability for accrued compensated absences (such as severance and vacation) as well as health insurance benefits for eligible former employees who have retired.
- **Fiduciary Fund** – The district is the trustee, also known as a *fiduciary*, for assets that belong to others, such as assets held in trust for post-employment benefits. The district is responsible for ensuring that the assets reported in these funds are used only for their intended purpose and for whom the assets belong. All of the district's fiduciary activities are reported in a separate statement of fiduciary net position and statement of changes in fiduciary position. We exclude these activities from the government wide financial statements because the district cannot use these assets to finance operations.

**Minneapolis Public Schools
Special School District No. 1
Management's Discussion & Analysis**

Financial Analysis of the District – Government-wide

Net Position

The district's combined net position was (\$365M) on June 30, 2023. This was a change of 42.2% from the prior year (see table A-1).

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

| | Primary Government Governmental Activities | | Percentage Change |
|---|---|-------------------------|----------------------|
| | 2023 | 2022 | |
| Current and other assets | \$ 790,457,793 | \$ 814,209,905 | -2.9% |
| Capital assets | 863,716,686 | 819,453,194 | 5.4% |
| Total assets | <u>1,654,174,479</u> | <u>1,633,663,099</u> | 1.3% |
| Deferred outflows of resources | <u>210,898,724</u> | <u>238,210,830</u> | -11.5% |
| Total assets and deferred outflows of resources | <u>\$ 1,865,073,203</u> | <u>\$ 1,871,873,929</u> | -0.4% |
| Current liabilities | \$ 154,977,074 | \$ 90,454,050 | 71.3% |
| Long-term liabilities | <u>1,610,433,812</u> | <u>1,371,154,147</u> | 17.5% |
| Total liabilities | <u>\$ 1,765,410,886</u> | <u>\$ 1,461,608,197</u> | 20.8% |
| Deferred inflows of resources | <u>\$ 465,119,949</u> | <u>\$ 1,042,204,859</u> | -55.4% |
| Net position | | | |
| Net investment in capital assets | \$ 205,481,189 | \$ 180,023,633 | 14.1% |
| Restricted | 60,900,783 | 50,733,450 | 20.0% |
| Unrestricted | <u>(631,839,604)</u> | <u>(862,696,210)</u> | 26.8% |
| Total net position | <u>\$ (365,457,632)</u> | <u>\$ (631,939,127)</u> | 42.2% |

The district's financial position is a 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. While the district's change in assets and deferred outflows changed only by a negligible -0.4% over the previous year, this is the result of a few large changes. The amount of cash and investments held by the district decreased by \$28.4M, largely due to the timing of the final payroll period. Deferred outflows related to pensions, as defined in GASB 68, decreased by \$26.6M. The value of land and construction in progress increased by \$36.0M. The district's change in liabilities and deferred inflows changed by \$273.3M. The primary driver of this change was a \$590.3M decrease in deferred inflows related to pensions and a \$322.8M increase in long-term liabilities.

**Minneapolis Public Schools
Special School District No. 1
Management's Discussion & Analysis**

Financial Analysis of the District – Government-wide (Continued)

Changes in Net Position

Total district government-wide revenue was \$802.6M for the year ended June 30, 2023. Property taxes and unrestricted state aid accounted for 63.4% of total revenue for the year. Program revenues accounted for 34.5%, and the remaining 2.1% of revenue was from other sources. (Table A-2)

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

| Revenues | Primary Government | | Percentage Change |
|---|---------------------------------|------------------|----------------------|
| | Governmental Activities for the | | |
| | Fiscal Year Ended June 30, | | |
| | 2023 | 2022 | |
| Program revenues | | | |
| Charges for services | \$ 17,377,018 | \$ 11,516,972 | 50.88% |
| Operating grants and contributions | 248,294,318 | 256,492,930 | -3.20% |
| Capital grants and contributions | 11,000,000 | 11,000,000 | 0.00% |
| General revenues | | | |
| Property taxes | 237,058,291 | 226,100,574 | 4.85% |
| State formula aid | 271,576,778 | 279,405,692 | -2.80% |
| Other | 17,275,747 | 176,386 | 9694.28% |
| Total revenues | 802,582,152 | 784,692,554 | 2.28% |
| Expenses | | | |
| District and school administration | 8,361,982 | 14,936,110 | -44.01% |
| District support services | 38,720,471 | 48,857,105 | -20.75% |
| Regular instruction | 130,065,948 | 251,618,186 | -48.31% |
| Vocational instruction | 2,618,812 | 5,013,209 | -47.76% |
| Special education instruction | 66,293,506 | 103,577,983 | -36.00% |
| Instructional support services | 32,408,488 | 40,278,990 | -19.54% |
| Pupil support services | 83,573,060 | 78,666,331 | 6.24% |
| Sites, buildings, and equipment | 96,246,230 | 69,871,966 | 37.75% |
| Fiscal and other fixed cost programs | 1,401,602 | 1,221,175 | 14.77% |
| Food service | 24,193,934 | 24,410,001 | -0.89% |
| Community education and services | 27,843,092 | 27,517,183 | 1.18% |
| Interest and fiscal charges on long-term debt | 26,534,105 | 27,457,019 | -3.36% |
| Total expenses | 538,261,230 | 693,425,258 | -22.38% |
| Change in net position | 264,320,922 | 91,267,296 | 189.61% |
| Change in accounting principle (GASB 96) | 2,160,573 | - | NA |
| Net position - beginning | (631,939,127) | (723,206,423) | N/A |
| Net position - ending | \$ (365,457,632) | \$ (631,939,127) | -42.17% |

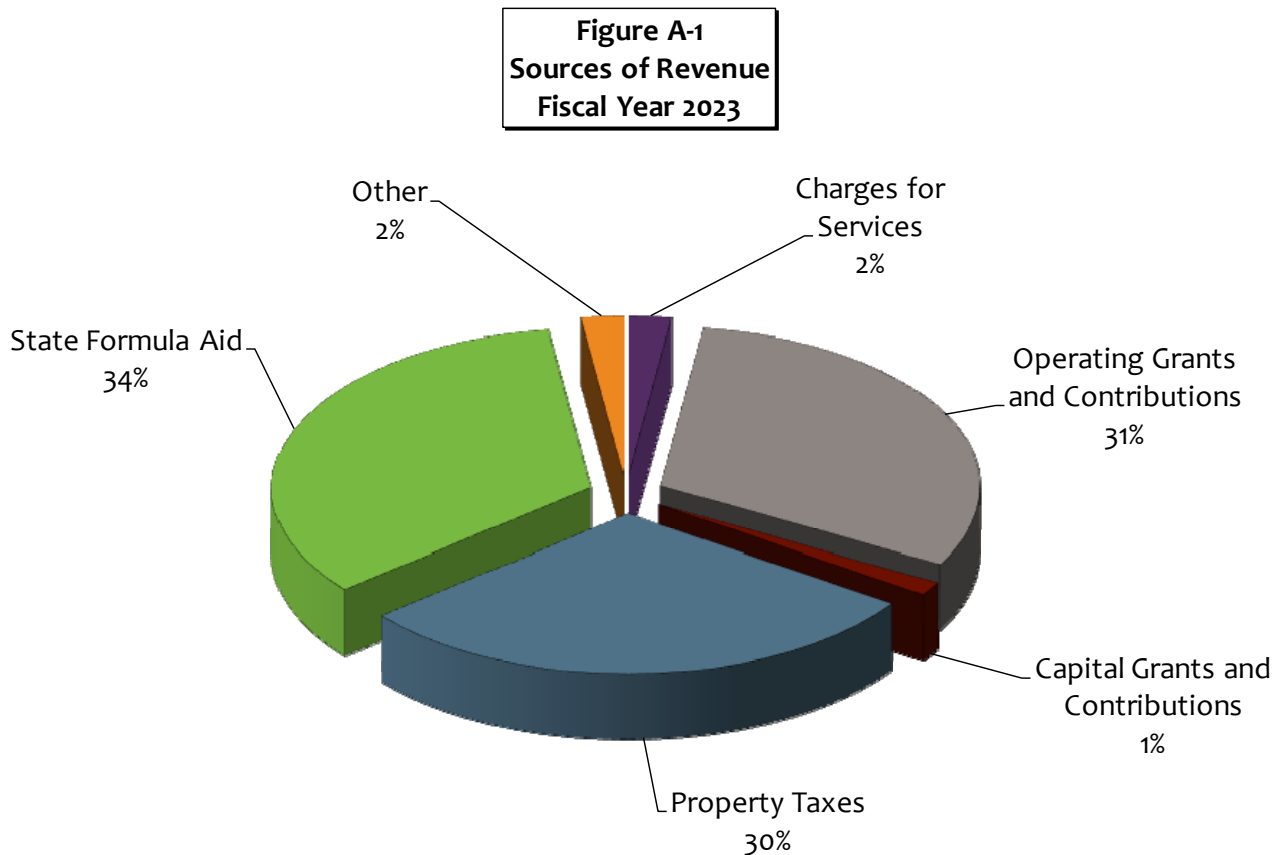
**Minneapolis Public Schools
Special School District No. 1
Management's Discussion & Analysis**

Financial Analysis of the District, Government-Wide (Continued)

Total expenses for all programs and services were \$538.3M in fiscal year 2023. District expenses were primarily related to the education and care of students. (58%). The district's Community Service and Nutrition programs accounted for 9.7% of expenses while facility maintenance totaled 18% and fiscal/other expenses totaled 5%. Community Education and Services accounted for 5% of expenses. District and School Administration and District Support Services accounted for 9% of total expenses during fiscal 2023.

The cost of all *governmental* activities this year was \$538M.

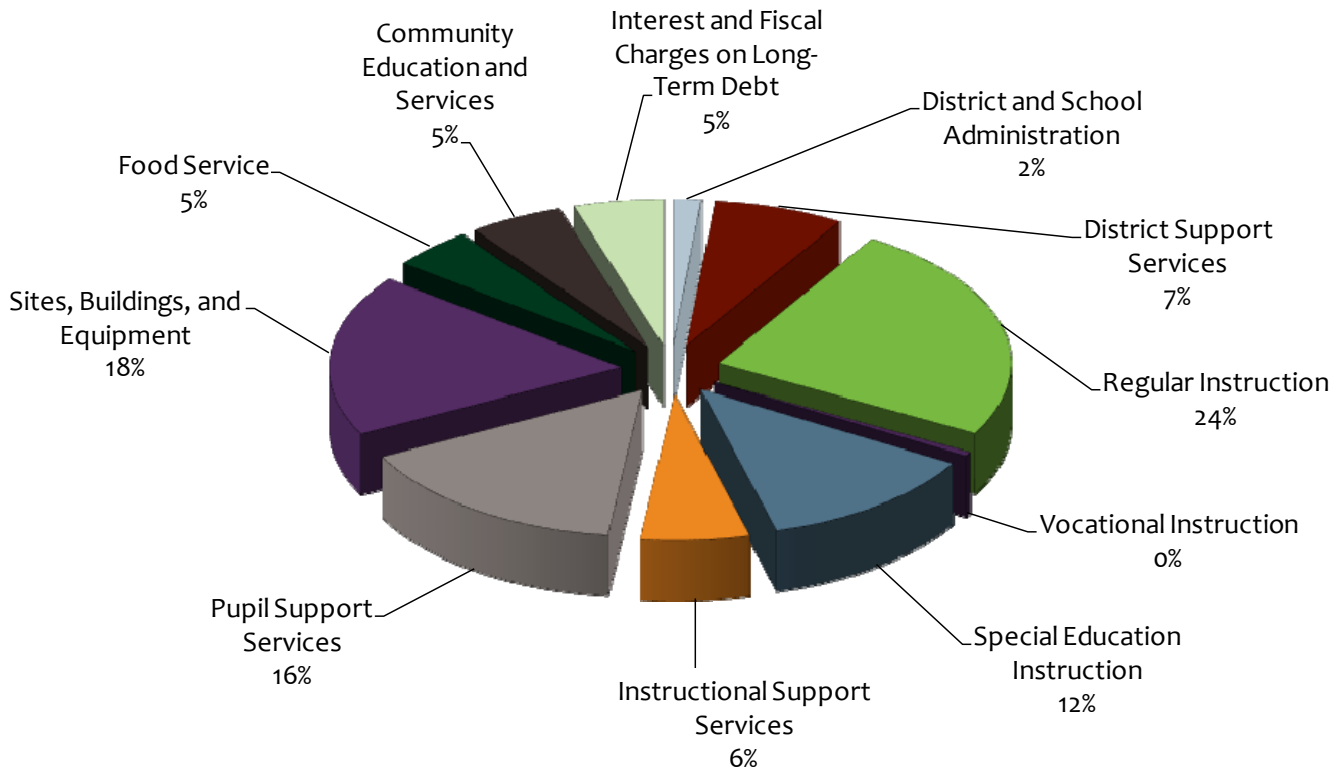
- \$17.4M of these costs were paid by the users of the district's programs.
- \$248M were paid using federal and state subsidies in the form of grants and contributions.
- Most of the district's costs were paid using local property taxes (\$237M) and unrestricted state aid (\$272M).



**Minneapolis Public Schools
Special School District No. 1
Management's Discussion & Analysis**

Financial Analysis of the District, Government-Wide (Continued)

**Figure A-2
Expenses
Fiscal Year 20223**



In addition to funds received for general operations of the district, governmental funds also include resources from special revenue funds as well as for fiscal service transactions. The special revenue funds are the Food Service Fund and the Community Education Fund. General operating funding is controlled by the state and the district is prohibited from using excess funds from special funds for fiscal services or to enhance general operations. Since the district cannot divert these funds to other programming, both the Food Service Fund and the Community Education Fund are excluded as a component of the general operation of the district. Restricted governmental fund balances as of June 30, 2023, were \$9.7M for special revenue funds, \$229M for the Capital Projects Fund, and \$43.2M for the debt service fund.

**Minneapolis Public Schools
Special School District No. 1
Management's Discussion & Analysis**

Financial Analysis of the District, Government-Wide (Continued)

**Table A-3
Primary Government Cost and Net Cost of Services**

| | Total Cost of Services | | Percentage Change | Net Cost of Services | | Percentage Change |
|--------------------------------------|------------------------|-----------------------|----------------------|-------------------------|-----------------------|----------------------|
| | 2023 | 2022 | | 2023 | 2022 | |
| Administration | \$ 8,361,982 | \$ 14,936,110 | -44.0% | \$ 4,936,715 | \$ (5,571,763) | -188.6% |
| District Support Services | 38,720,471 | 48,857,105 | -20.7% | (38,062,625) | 45,076,342 | -184.4% |
| Elementary and Secondary | | | | | | |
| Regular Instruction | 130,065,948 | 251,618,186 | -48.3% | (89,845,594) | 215,062,878 | -141.8% |
| Vocational Education Instruction | 2,618,812 | 5,013,209 | -47.8% | (1,830,322) | 4,312,837 | -142.4% |
| Special Education Instruction | 66,293,506 | 103,577,983 | -36.0% | 16,823,278 | 23,142,491 | -27.3% |
| Instructional Support Services | 32,408,488 | 40,278,990 | -19.5% | (29,516,202) | 37,812,606 | -178.1% |
| Pupil Support Services | 83,573,060 | 78,666,331 | 6.2% | (7,068,779) | 1,946,406 | -463.2% |
| Sites and Buildings | 96,246,230 | 69,871,966 | 37.7% | (84,708,741) | 57,461,687 | -247.4% |
| Fiscal and Other Fixed Cost Programs | 1,401,602 | 1,221,175 | 14.8% | (1,401,602) | 1,221,175 | -214.8% |
| Food Service | 24,193,934 | 24,410,001 | -0.9% | (6,184,837) | 3,244,003 | -290.7% |
| Community Education and Services | 27,843,092 | 27,517,183 | 1.2% | 1,802,920 | 3,249,675 | -44.5% |
| Interest and Fiscal Charges | | | | | | |
| On Long-Term Debt/Depreciation | 26,534,105 | 27,457,019 | -3.4% | (26,534,105) | 27,457,019 | -196.6% |
| Total | \$ 538,261,230 | \$ 693,425,258 | -22.4% | \$ (261,589,894) | \$ 414,415,356 | -163.1% |

Financial Analysis of the District's Funds

The performance of the district is also reflected in its governmental funds. As of June 30, 2023, the district reported a *combined* fund balance of \$425M, a \$16M decrease from the previous year. This decrease is mostly attributable to decreases to the capital project fund as proceeds from prior years were used to complete associated work.

Across all governmental funds the district reported total expenditures of \$894M and total revenue of \$797M. Absent other financing sources governmental fund balances would have decreased by \$97.5M. However, the district did receive an additional \$81.1M in financing from other sources such as bonds issuance, insurance recovery, and lease issuance related to GASB-87 (lease accounting standards). With these other financing sources, the district saw a decrease of \$16M.

**Minneapolis Public Schools
Special School District No. 1
Management's Discussion & Analysis**

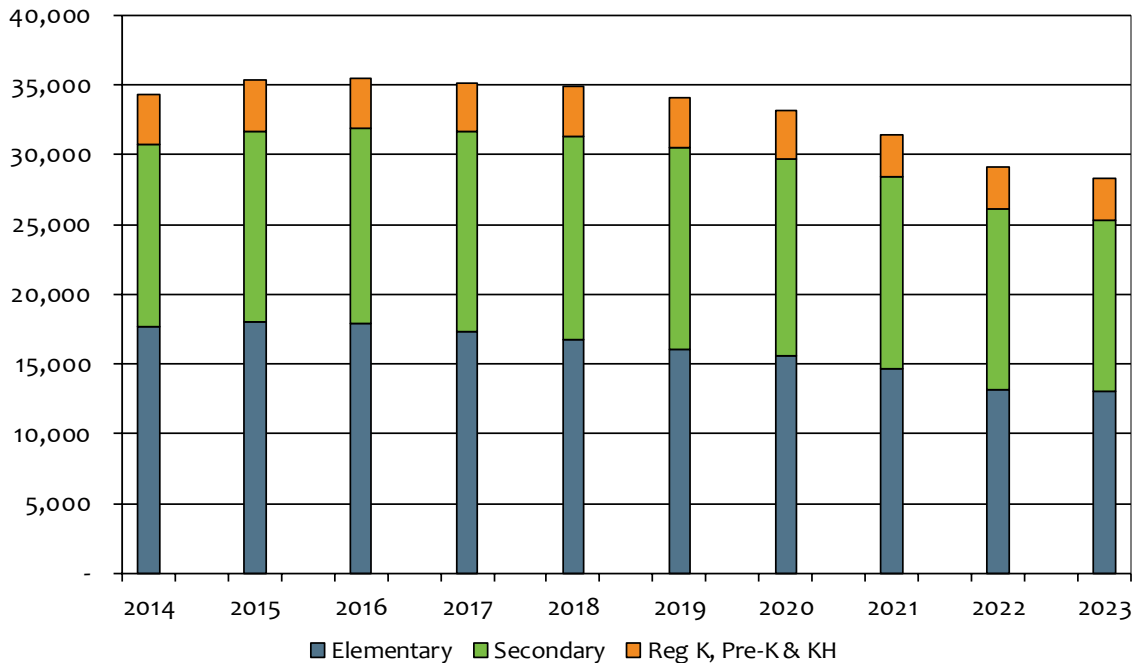
Enrollment

District enrollment is the most critical factor that impacts revenue. In Minnesota enrollment is measured using 'average daily membership' (ADM), which approximates to the average number of students enrolled in the district on any given day. Over the last ten years the district experienced peak membership in the 2015-2016 school year at 35,472, and membership has declined every year since. In fiscal year 2023 enrollment changed by -2.71%.

**Table A-4
Student Enrollment (Average Daily Membership)**

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Reg K, Pre-K & KH | 3,582 | 3,682 | 3,587 | 3,516 | 3,556 | 3,508 | 3,540 | 3,010 | 2,980 | 2,969 |
| Elementary | 17,643 | 17,964 | 17,866 | 17,319 | 16,768 | 16,098 | 15,598 | 14,658 | 13,174 | 13,048 |
| Secondary | 13,086 | 13,740 | 14,019 | 14,311 | 14,517 | 14,444 | 14,064 | 13,726 | 12,923 | 12,274 |
| Total students for aid | <u>34,311</u> | <u>35,386</u> | <u>35,472</u> | <u>35,146</u> | <u>34,841</u> | <u>34,050</u> | <u>33,202</u> | <u>31,394</u> | <u>29,077</u> | <u>28,290</u> |
| Percentage change | | 3.13% | 0.24% | -0.92% | -0.87% | -2.27% | -2.49% | -5.45% | -7.38% | -2.71% |

**Figure A-3
Student Enrollment
(Average Daily Membership)**



It is the district's belief that these enrollment declines, especially since the 2019-2020 school year, have primarily been driven by families with young children choosing to locate outside the City of Minneapolis.

**Minneapolis Public Schools
Special School District No. 1
Management's Discussion & Analysis**

General Fund

The General Fund is inclusive of the primary operations of the district, including the provision of educational services to students in kindergarten through twelfth grade, as well as the provision of special education services serving students from birth to the age of twenty-one. The General Fund also includes pupil transportation and capital outlay projects. Table A-5 presents a summary of General Fund revenue.

**Table A-5
General Fund Revenues**

| | Year Ended June 30, | | Increase (Decrease) | Percentage Change |
|--------------------------------------|------------------------------|------------------------------|-------------------------------|----------------------|
| | 2023 | 2022 | | |
| Local sources | | | | |
| Property taxes | \$ 141,332,958 | \$ 140,964,153 | \$ 368,805 | 0.26% |
| Earnings on investments | 3,290,070 | (691,454) | 3,981,524 | -575.82% |
| Other | 11,154,071 | 10,560,122 | 593,949 | 5.62% |
| State sources | 354,667,173 | 371,678,222 | (17,011,049) | -4.58% |
| Federal sources | 119,072,623 | 120,482,318 | (1,409,695) | -1.17% |
| Sales and other conversion of assets | 164,281 | 215,905 | (51,624) | -23.91% |
| Total | <u>\$ 629,681,176</u> | <u>\$ 643,209,266</u> | <u>\$ (13,528,090)</u> | <u>-2.10%</u> |

In fiscal year 2023 General Fund revenue decreased by \$13.5M, or -2.1%, from the previous year. This decrease was caused by a decline in enrollment which reduced the amount of state aid the district was able to collect. While property taxes remained essentially flat, the district's other largest source of revenue, state aid, decreased by over \$17M.

There are three primary categories of revenue received by the General Fund:

1. State Education Appropriations
 - a. General Education Aid – This is the largest share of state aid and is intended to provide the basic financial support the district's educational programming. It is driven by enrollment.
 - b. Categorical Aids – Categorical revenue formulas are used to meet costs of specific programs (e.g., special education) or promote certain types of programs (e.g., career and technical aid.)
2. Property taxes and state paid levy credits – districts have the power to tax, or *levy*, property as a means of financing schools. The largest share of the district's levy revenue result from voter approved referendums. Levy proceeds from the district's operating referendum are based on membership and increase and decline along with membership. Additionally, property tax credits reduce the amount of property taxes paid. To make up for this reduction the state pays the difference between what was levied on property and what is received in property taxes.

**Minneapolis Public Schools
Special School District No. 1
Management's Discussion & Analysis**

General Fund (Continued)

3. Federal Sources – traditionally, most federal revenue is received through grants authorized under the 1965 Elementary and Secondary Education act, as reauthorized through Every Student Succeeds Act (ESSA) in December 2015, which replaced the No Child Left Behind Act (NCLB). It is one of the United States government's largest assistance programs for schools. However, since 2021 the district has received significant funding from the federal government in the form of COVID-19 pandemic assistance funds.

**Table A-6
General Fund Expenditures**

| | Year Ended June 30, | | Increase (Decrease) | Percentage Change |
|------------------------|-----------------------|-----------------------|------------------------|----------------------|
| | 2023 | 2022 | | |
| Salaries | \$ 362,701,617 | \$ 376,117,637 | \$ (13,416,020) | -3.57% |
| Employee benefits | 125,644,212 | 126,626,065 | (981,853) | -0.78% |
| Purchased services | 102,050,191 | 77,562,365 | 24,487,826 | 31.57% |
| Supplies and materials | 23,003,703 | 29,637,623 | (6,633,920) | -22.38% |
| Capital expenditures | 23,174,177 | 26,481,313 | (3,307,136) | -12.49% |
| Other expenditures | 4,325,078 | 11,667,849 | (7,342,771) | -62.93% |
| Total | \$ 640,898,978 | \$ 648,092,852 | \$ (7,193,874) | -1.11% |

For the year ended June 30, 2023, General Fund expenditures decreased by \$7.2, or -1.1%, from the prior year. Salaries and Benefits decreased by \$14.4M, or -2.9%, from the prior year. The largest factor driving the decrease in Salaries & Benefits was vacant positions.

**Minneapolis Public Schools
Special School District No. 1
Management's Discussion & Analysis**

General Fund Budget

Annual budgets are prepared on a basis consistent with accounting principles generally accepted in the United States of America for the General, Food Service, Community Service, Debt Service, and Capital Projects funds. All annual unencumbered appropriations lapse at the end of the fiscal year.

To comply with the state statute that established the district, the district's Board of Education must adopt a budget for these funds by June 15 of the preceding fiscal year. Over the course of the fiscal year the Board adopts amendments to the respective fund budgets on an as-needed basis. There were two amendments to the budget in fiscal year 2023. In November 2022, the Board approved a resolution to amend the budget to adjust revenue downwards based on anticipated ADM and increase the expenditure budget upwards to address safety and security issues, allow construction to continue at the North CTE Center, and provide food service to a small specialty high school located in leased space. In December 2022, the Board approved a resolution increasing the expenditure budget for transportation by \$16.5M and authorizing a transfer from the General Fund to the Food Service Fund. Both resolutions were approved unanimously.

For the year ended June 30, 2023, General Fund revenue of \$629.7M underperformed the budget of \$642.1M due to lower than anticipated utilization of federal COVID-19 relief funding. General Fund expenditures of \$640.9M were favorable to a budget of \$668.9M, or \$28M, due to a combination of factors: lower than anticipated utilization of COVID-19 relief funds, transfers to the Food Service fund that had initially been budgeted as expenditures, and a large number of vacant teaching and support positions caused by a state-wide teacher shortage on top of record low unemployment in the local labor market.

Capital Project – Building Construction Fund

The net change in fund balance for the Capital Projects fund of (\$20.4M) was favorable by \$45.4M to the budget of (\$65.8M). \$10.8M of this resulted from unbudgeted earnings on investments. This was offset by (\$10.9M) related to bond issuance and capital leases. Expenditures of \$96.5M were favorable to the budget of \$142.0M, a difference of \$56.3M, resulting from less than anticipated expenditures in the district's capital building program.

Debt Service Fund

The Debt Service Fund had expenditures exceeding revenue of approximately \$3.2M and ended the year with a fund balance of \$43.2M.

**Minneapolis Public Schools
Special School District No. 1
Management's Discussion & Analysis**

Other Non-Major Funds

Expenditures exceeded revenue by \$5.9M in the Food Service Fund, however fund balance increased by \$2M because of a transfer from the General Fund. The \$5.9M operating deficit exceeded an expected \$1.7M operating deficit by \$4.2M. Higher than expected losses in the Food Service Fund were driven by a mix of lower revenue and higher costs for contract services.

Community Service Fund revenue exceeded expenditures by \$2.5M, a \$3.7M favorable variance when compared to budget. This variance was driven by significant savings related to vacancies and contracted services in the district's Early Childhood programming as well as its Minneapolis Kids school age care program.

Capital Asset and Debt Administration

Capital Assets

Total district investment in capital assets, net of accumulated depreciation and amortization, increased \$44.3M to \$863.7M in fiscal year 2023 (see Table A-7). Capital assets include, but are not limited to, school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices. Additional detail about capital assets can be found in the notes to the financial statements. Depreciation and amortization expense for fiscal year 2023 was \$46.5M.

**Table A-7
Capital Assets (Net of Depreciation/Amortization)**

| | 2023 | 2022 | Percentage Change |
|-----------------------------------|-----------------------|-----------------------|----------------------|
| Land and construction in progress | \$ 124,390,016 | \$ 88,348,190 | 40.80% |
| Other capital assets | 727,613,585 | 729,380,317 | -0.24% |
| Lease assets | 11,713,085 | 1,724,686 | 579.14% |
| Total | \$ 863,716,686 | \$ 819,453,193 | 5.40% |

Long Term Debt

As of June 30, 2023, the district had outstanding \$1.7B of long-term liabilities, a 23.5% increase over the prior year. These obligations are shown in Table A-8. For more information about the district's long-term liabilities see the notes to the financial statements.

**Minneapolis Public Schools
Special School District No. 1
Management's Discussion & Analysis**

Capital Asset and Debt Administration (Continued)

Long Term Debt (Continued)

As of June 30, 2023, the district had outstanding \$1.7B of long-term liabilities, a 23.5% increase over the prior year. These obligations are shown in Table A-8. For more information about the district's long-term liabilities see the notes to the financial statements.

**Table A-8
Outstanding Long-Term Liabilities**

| | 2023 | 2022 | Percentage Change |
|--|-------------------------|-------------------------|----------------------|
| General obligation bonds | \$ 585,995,000 | \$ 573,655,000 | 2.15% |
| Bond premium | 99,831,500 | 106,861,987 | -6.58% |
| Certificates of participation payable | 164,755,000 | 188,455,000 | -12.58% |
| Notes from direct borrowing | 15,029,262 | 15,129,168 | -0.66% |
| Lease liability | 10,315,441 | 1,778,071 | 480.15% |
| Self insurance reserves and compensated absences | 48,427,453 | 48,070,595 | 0.74% |
| Net OPEB liability | 39,591,047 | 36,179,541 | 9.43% |
| Net pension liability | 729,971,243 | 401,024,785 | 82.03% |
| Total | <u>\$ 1,693,915,946</u> | <u>\$ 1,371,154,147</u> | <u>23.54%</u> |

Factors Bearing on the District's Future

Basic state aid for general education is the single largest support of revenue for the district. The per-pupil formula increased by 4% in FY24 and will increase by another 2% in FY25. As enrollment continues to decline the total amount of per-pupil revenue will be reduced, especially if enrollment is declining faster than the formula is increasing. The district also has several collective bargaining agreements that expired on June 30, 2023, and are now in active negotiations including the Minneapolis Federation of Teachers Local 59, the Minneapolis Federation of Teachers, ESP Chapter, the Minneapolis Federation of Teachers, Adult Basic Education Chapter, and the Minneapolis Principal's Forum. While the district's unfunded obligations in special education and English Language Learner instruction are being reduced due to recent legislation, these obligations are still substantial. Additionally, new legislation has added additional unfunded obligations in the form of unemployment costs for hourly workers for the period between academic years as well as mandatory adoption of a science-based reading curriculum.

**Minneapolis Public Schools
Special School District No. 1
Management's Discussion & Analysis**

Request for Information

This financial report is designed to provide a comprehensible overview of the district's finances for a general audience including taxpayers, parents, students, investors, employees, creditors, and residents of the City of Minneapolis. This report also demonstrates district accountability for the funding it receives. Additional details can be requested by mail by writing to:

Minneapolis Public Schools
ATTN: Finance Department
1250 West Broadway Ave
Minneapolis, MN 55411

Or visit our website at:
<http://www.mpschools.org>

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BASIC FINANCIAL STATEMENTS

**Minneapolis Public Schools
Special School District No. 1
Statement of Net Position
June 30, 2023**

| | Governmental Activities |
|---|----------------------------|
| Assets | |
| Cash and investments | \$ 523,948,136 |
| Cash and investments held by trustee | 33,237,533 |
| Receivables | |
| Property taxes | 126,168,890 |
| Other governments | 92,341,025 |
| Accounts receivable | 5,046,686 |
| Lease receivable | 73,487 |
| Prepaid items | 7,500,135 |
| Inventory | 2,141,901 |
| Capital assets | |
| Land and construction in progress | 124,390,016 |
| Other capital asset, net of depreciation | 727,613,585 |
| Lease assets, net of amortization | 11,713,085 |
| Total assets | 1,654,174,479 |
| Deferred Outflows of Resources | |
| Deferred outflows related to OPEB | 2,981,107 |
| Deferred outflows related to pensions | 207,917,617 |
| Total deferred outflows of resources | 210,898,724 |
| Total assets and deferred outflows of resources | \$ 1,865,073,203 |
| Liabilities | |
| Salaries and compensated absences payable | \$ 35,274,979 |
| Accounts and contracts payable | 20,131,725 |
| Accrued interest | 14,826,170 |
| Due to other governmental units | 3,595 |
| Unearned revenue | 1,258,471 |
| Long-term liabilities | |
| Portion due within one year | 83,482,134 |
| Portion due in more than one year | 1,610,433,812 |
| Total liabilities | 1,765,410,886 |
| Deferred Inflows of Resources | |
| Property taxes levied for subsequent year's expenditures | 219,559,892 |
| Deferred charge on refunding | 11,283,042 |
| Deferred inflows related to leases | 67,756 |
| Deferred inflows related to OPEB | 32,738,437 |
| Deferred inflows related to pensions | 201,470,822 |
| Total deferred inflows of resources | 465,119,949 |
| Net Position | |
| Net investment in capital assets | 205,481,189 |
| Restricted for | |
| General Fund state-mandated reserves | 22,386,757 |
| Food service | 1,970,767 |
| Community service | 7,657,995 |
| Debt service | 28,885,264 |
| Unrestricted | (631,839,604) |
| Total net position | (365,457,632) |
| Total liabilities, deferred inflows of resources, and net position | \$ 1,865,073,203 |

See notes to basic financial statements.

**Minneapolis Public Schools
Special School District No. 1
Statement of Activities
Year Ended June 30, 2023**

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenues and Changes in Net Position |
|---|-----------------------|-------------------------|---------------------------------------|-------------------------------------|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| Governmental activities | | | | | |
| Administration | \$ 8,361,982 | \$ 1,466,137 | \$ 11,832,560 | \$ - | \$ 4,936,715 |
| District support services | 38,720,471 | - | 657,846 | - | (38,062,625) |
| Elementary and secondary regular instruction | 130,065,948 | 899,866 | 39,320,488 | - | (89,845,594) |
| Vocational education instruction | 2,618,812 | - | 788,490 | - | (1,830,322) |
| Special education instruction | 66,293,506 | 3,248,873 | 79,867,911 | - | 16,823,278 |
| Instructional support services | 32,408,488 | 10,821 | 2,881,465 | - | (29,516,202) |
| Pupil support services | 83,573,060 | 542,388 | 75,961,893 | - | (7,068,779) |
| Sites and buildings | 96,246,230 | 9,467 | 528,022 | 11,000,000 | (84,708,741) |
| Fiscal and other fixed cost programs | 1,401,602 | - | - | - | (1,401,602) |
| Food service | 24,193,934 | 1,795,016 | 16,214,081 | - | (6,184,837) |
| Community education and services | 27,843,092 | 9,404,450 | 20,241,562 | - | 1,802,920 |
| Interest and fiscal charges on long-term debt | 26,534,105 | - | - | - | (26,534,105) |
| Total governmental activities | \$ 538,261,230 | \$ 17,377,018 | \$ 248,294,318 | \$ 11,000,000 | (261,589,894) |
| General revenues | | | | | |
| Taxes | | | | | |
| Property taxes, levied for general purposes | | | | | 141,257,137 |
| Property taxes, levied for community service | | | | | 5,494,669 |
| Property taxes, levied for debt service | | | | | 90,306,485 |
| State aid not restricted to specific purposes | | | | | 271,576,778 |
| Earnings on investments | | | | | 17,243,642 |
| Gain on sale of capital assets | | | | | 32,105 |
| Total general revenues | | | | | <u>525,910,816</u> |
| Change in net position | | | | | 264,320,922 |
| Net position - beginning | | | | | <u>(631,939,127)</u> |
| Change in accounting principle (see note 12) | | | | | <u>2,160,573</u> |
| Net position - beginning, as restated | | | | | <u>(629,778,554)</u> |
| Net position - ending | | | | | <u>\$ (365,457,632)</u> |

**Minneapolis Public Schools
Special School District No. 1
Balance Sheet - Governmental Funds
June 30, 2023**

| | Major Funds | | | Other Nonmajor Funds | Total Governmental Funds |
|---|-----------------------|--|-----------------------|-------------------------|--------------------------------|
| | General | Capital Project- Building Construction | Debt Service | | |
| Assets | | | | | |
| Cash and investments | \$ 139,336,994 | \$ 237,460,374 | \$ 54,601,825 | \$ 7,011,091 | \$ 438,410,284 |
| Cash and investments held by trustee | - | - | 32,570,391 | - | 32,570,391 |
| Receivables | | | | | |
| Current property taxes receivable | 74,625,878 | - | 47,405,786 | 2,807,193 | 124,838,857 |
| Delinquent property taxes receivable | 791,906 | - | 506,320 | 31,807 | 1,330,033 |
| Due from other Minnesota school districts | 44 | - | - | 165 | 209 |
| Due from Minnesota Department of Education | 35,407,118 | - | 1,128,406 | 1,219,688 | 37,755,212 |
| Due from Federal Government | | | | | |
| through Minnesota Department of Education | 48,077,729 | - | - | 1,189,544 | 49,267,273 |
| Due from Federal Government received directly | 2,290,829 | - | - | 379,900 | 2,670,729 |
| Due from other governmental units | 2,452,475 | - | - | 195,127 | 2,647,602 |
| Accounts receivable | 2,021,891 | - | - | 2,134,377 | 4,156,268 |
| Lease receivable | 73,487 | - | - | - | 73,487 |
| Due from other funds | 508,265 | - | - | - | 508,265 |
| Prepaid items | 5,786,787 | 942,362 | - | - | 6,729,149 |
| Inventory | 171,134 | - | - | 1,970,767 | 2,141,901 |
| | <u>\$ 311,544,537</u> | <u>\$ 238,402,736</u> | <u>\$ 136,212,728</u> | <u>\$ 16,939,659</u> | <u>\$ 703,099,660</u> |
| Liabilities | | | | | |
| Salaries and compensated absences payable | \$ 29,344,789 | \$ - | \$ - | \$ 1,940 | \$ 29,346,729 |
| Payroll deductions and employer contributions payable | 5,928,250 | - | - | - | 5,928,250 |
| Accounts and contracts payable | 9,988,663 | 9,428,988 | 4,000 | 613,750 | 20,035,401 |
| Due to other governmental units | - | - | - | 3,595 | 3,595 |
| Due to other funds | - | - | - | 508,265 | 508,265 |
| Unearned revenue | 549,728 | - | - | 708,743 | 1,258,471 |
| Total liabilities | <u>45,811,430</u> | <u>9,428,988</u> | <u>4,000</u> | <u>1,836,293</u> | <u>57,080,711</u> |
| Deferred Inflows of Resources | | | | | |
| Property taxes levied for subsequent year's expenditures | 121,587,994 | - | 92,497,294 | 5,474,604 | 219,559,892 |
| Deferred inflows of resources related to leases | 67,756 | - | - | - | 67,756 |
| Unavailable revenue - delinquent property taxes | 791,906 | - | 506,320 | 31,807 | 1,330,033 |
| Total deferred inflows of resources | <u>122,447,656</u> | <u>-</u> | <u>93,003,614</u> | <u>5,506,411</u> | <u>220,957,681</u> |
| Fund Balances | | | | | |
| Nonspendable | | | | | |
| Prepaid items | 5,786,787 | 942,362 | - | - | 6,729,149 |
| Inventory | 171,134 | - | - | 1,970,767 | 2,141,901 |
| Restricted for | | | | | |
| Student activities | 543,356 | - | - | - | 543,356 |
| Graduation standards - gifted and talented | 439,264 | - | - | - | 439,264 |
| Operating capital | 12,572,197 | - | - | - | 12,572,197 |
| Long-term facilities maintenance | - | 102,581,660 | - | - | 102,581,660 |
| Contract alternative schools | 966,181 | - | - | - | 966,181 |
| Basic skills extended time | 7,631,978 | - | - | - | 7,631,978 |
| Community education programs | - | - | - | 1,814,399 | 1,814,399 |
| Early childhood and family educations programs | - | - | - | 664,466 | 664,466 |
| School readiness | - | - | - | 1,241,654 | 1,241,654 |
| Adult basic education | - | - | - | 1,364,412 | 1,364,412 |
| QSCB/QZAB | - | - | 29,259,472 | - | 29,259,472 |
| Building construction | - | 125,449,726 | - | - | 125,449,726 |
| Other purposes | 233,781 | - | 13,945,642 | 2,541,257 | 16,720,680 |
| Assigned | 54,915,232 | - | - | - | 54,915,232 |
| Unassigned | 60,025,541 | - | - | - | 60,025,541 |
| Total fund balances | <u>143,285,451</u> | <u>228,973,748</u> | <u>43,205,114</u> | <u>9,596,955</u> | <u>425,061,268</u> |
| | <u>\$ 311,544,537</u> | <u>\$ 238,402,736</u> | <u>\$ 136,212,728</u> | <u>\$ 16,939,659</u> | <u>\$ 703,099,660</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 311,544,537</u> | <u>\$ 238,402,736</u> | <u>\$ 136,212,728</u> | <u>\$ 16,939,659</u> | <u>\$ 703,099,660</u> |

See notes to basic financial statements.

**Minneapolis Public Schools
Special School District No. 1
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
June 30, 2023**

Total fund balances - governmental funds \$ 425,061,268

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.

| | |
|--|-------------|
| Land | 35,446,301 |
| Construction in progress | 88,943,715 |
| Buildings and improvements, net of accumulated depreciation | 704,795,366 |
| Equipment, net of accumulated depreciation | 22,818,219 |
| Lease building, net of accumulated amortization | 9,840,330 |
| Lease equipment, net of accumulated amortization | 237,588 |
| Leased building improvement, net of accumulated amortization | 112,319 |
| Subscription assets, net of accumulated amortization | 1,522,848 |

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

| | |
|--|---------------|
| Bond principal payable | (585,995,000) |
| Unamortized bond premiums and discounts | (99,831,500) |
| Notes from direct borrowing - finance purchase agreement | (15,029,262) |
| Lease liability | (10,315,441) |
| Certificate of participation payable | (164,755,000) |
| Net other post employment benefit liability | (39,591,047) |
| Net pension liability | (729,971,243) |

Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions, OPEB, and debt that are not recognized in the governmental funds.

| | |
|---------------------------------------|---------------|
| Deferred outflows related to pensions | 207,917,617 |
| Deferred inflows related to pensions | (201,470,822) |
| Deferred outflows related to OPEB | 2,981,107 |
| Deferred inflows related to OPEB | (32,738,437) |
| Deferred charge on refunding | (11,283,042) |

Governmental funds do not report a liability for accrued interest on bonds and certificates of participation until due and payable.

(14,826,170)

Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.

1,330,033

Internal service funds are used by management to charge the cost of workers compensation and general liability insurance to individual funds, as well as severance benefits. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.

| | |
|------------------------------------|------------|
| Internal service fund net position | 39,342,621 |
|------------------------------------|------------|

Total net position - governmental activities

\$ (365,457,632)

**Minneapolis Public Schools
Special School District No. 1
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2023**

| | Major Funds | | | | Total Governmental Funds |
|--|-----------------------|--|----------------------|-------------------------|--------------------------------|
| | General | Capital Project- Building Construction | Debt Service | Other Nonmajor Funds | |
| Revenues | | | | | |
| Local sources | | | | | |
| Property taxes | \$ 141,332,958 | \$ - | \$ 90,341,021 | \$ 5,498,248 | \$ 237,172,227 |
| Earnings on investments | 3,290,070 | 10,799,107 | 876,966 | 432,392 | 15,398,535 |
| Other | 11,154,071 | - | - | 10,254,328 | 21,408,399 |
| Revenue from state sources | 354,667,173 | - | 11,272,553 | 14,026,273 | 379,965,999 |
| Revenue from federal sources | 119,072,623 | - | 148,856 | 21,609,270 | 140,830,749 |
| Sales and other conversion of assets | 164,281 | - | - | 1,795,069 | 1,959,350 |
| Total revenues | <u>629,681,176</u> | <u>10,799,107</u> | <u>102,639,396</u> | <u>53,615,580</u> | <u>796,735,259</u> |
| Expenditures | | | | | |
| Current | | | | | |
| Administration | 18,487,733 | - | - | - | 18,487,733 |
| District support services | 32,112,101 | - | - | - | 32,112,101 |
| Elementary and secondary regular instruction | 255,920,748 | - | - | - | 255,920,748 |
| Vocational education instruction | 5,482,394 | - | - | - | 5,482,394 |
| Special education instruction | 118,665,141 | - | - | - | 118,665,141 |
| Instructional support services | 46,287,017 | - | - | - | 46,287,017 |
| Pupil support services | 95,377,944 | - | - | - | 95,377,944 |
| Sites and buildings | 43,860,343 | 37,893,333 | - | - | 81,753,676 |
| Fiscal and other fixed cost programs | 1,397,702 | - | 3,900 | - | 1,401,602 |
| Food service | - | - | - | 23,676,472 | 23,676,472 |
| Community education and services | 133,680 | - | - | 33,121,895 | 33,255,575 |
| Capital outlay | | | | | |
| District support services | 15,980,746 | - | - | - | 15,980,746 |
| Elementary and secondary regular instruction | 242,319 | - | - | - | 242,319 |
| Vocational education instruction | 22,775 | - | - | - | 22,775 |
| Special education instruction | 6,828 | - | - | - | 6,828 |
| Instructional support services | 335,144 | - | - | - | 335,144 |
| Sites and buildings | 133,199 | 56,479,954 | - | - | 56,613,153 |
| Food service | - | - | - | 228,316 | 228,316 |
| Debt service | | | | | |
| Principal | 5,757,183 | 1,931,958 | 64,825,000 | 26,360 | 72,540,501 |
| Interest and fiscal charges | 695,981 | 526,496 | 34,616,348 | 4,409 | 35,843,234 |
| Total expenditures | <u>640,898,978</u> | <u>96,831,741</u> | <u>99,445,248</u> | <u>57,057,452</u> | <u>894,233,419</u> |
| Excess of revenues over (under) expenditures | (11,217,802) | (86,032,634) | 3,194,148 | (3,441,872) | (97,498,160) |
| Other Financing Sources (Uses) | | | | | |
| Proceeds from sale of capital assets | 32,105 | - | - | - | 32,105 |
| Insurance recovery | 86,338 | 814,122 | - | - | 900,460 |
| Bond issuance | - | 58,750,000 | 65,545,000 | - | 124,295,000 |
| Bond premium | - | 5,730,268 | 5,098,931 | - | 10,829,199 |
| Lease issuance | 8,928,669 | - | - | - | 8,928,669 |
| Notes from direct borrowing issuance | 6,983,121 | - | - | - | 6,983,121 |
| Payment to refunded bond escrow agent | - | - | (70,830,000) | - | (70,830,000) |
| Transfers in | - | - | - | 6,481,205 | 6,481,205 |
| Transfers out | (6,481,205) | - | - | - | (6,481,205) |
| Total other financing sources (uses) | <u>9,549,028</u> | <u>65,294,390</u> | <u>(186,069)</u> | <u>6,481,205</u> | <u>81,138,554</u> |
| Net change in fund balances | (1,668,774) | (20,738,244) | 3,008,079 | 3,039,333 | (16,359,606) |
| Fund Balances | | | | | |
| Beginning of year | <u>144,954,225</u> | <u>249,711,992</u> | <u>40,197,035</u> | <u>6,557,622</u> | <u>441,420,874</u> |
| End of year | <u>\$ 143,285,451</u> | <u>\$ 228,973,748</u> | <u>\$ 43,205,114</u> | <u>\$ 9,596,955</u> | <u>\$ 425,061,268</u> |

See notes to basic financial statements.

**Minneapolis Public Schools
Special School District No. 1
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2023**

Net change in fund balances - total governmental funds \$ (16,359,606)

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities the cost of those assets is allocated over the estimated useful lives as depreciation expense.

| | |
|-----------------------------------|--------------|
| Capital outlay | 88,324,216 |
| Depreciation/amortization expense | (46,462,472) |

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities and repayment of principal reduces the liability. Also, governmental funds report the effect of discounts and premium when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the Statement of Activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

| | |
|--|--------------|
| General obligation bond and certificates of participation proceeds | (96,695,000) |
| Long-term facility maintenance proceeds | (27,600,000) |
| Notes from direct borrowing proceeds | (6,983,121) |
| Lease proceeds | (8,928,669) |
| Bond premium | (10,829,199) |
| Repayment of certificates of participation payable | 18,415,000 |
| Finance purchase agreements principal payments | 7,083,027 |
| Lease principal payments | 632,474 |
| Repayment of bond principal | 46,410,000 |
| Refunding payment to bond escrow agent | 70,830,000 |
| Change in accrued interest expense | (529,842) |
| Amortization of bond premiums and discounts | 17,859,685 |
| Amortization of deferred charge on refunding | (8,020,714) |

Internal service funds are used by the District to charge the costs of employee health and dental benefits to individual funds. The net revenue (loss) of the internal service funds is reported with governmental activities. 2,711,647

Net other post employment benefit liabilities are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities. (217,904)

Governmental funds recognize pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective. Pension expense 234,795,336

Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds. (113,936)

Change in net position - governmental activities \$ 264,320,922

**Minneapolis Public Schools
Special School District No. 1
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended June 30, 2023**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Over (Under) |
|--|------------------------|------------------------|-----------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Local sources | | | | |
| Local property taxes | \$ 132,447,683 | \$ 132,447,683 | \$ 141,332,958 | \$ 8,885,275 |
| Earnings on investments | 2,000,000 | 2,000,593 | 3,290,070 | 1,289,477 |
| Other local and county revenues | 615,220 | 531,240 | 11,154,071 | 10,622,831 |
| Revenue from state sources | 356,113,391 | 349,767,068 | 354,667,173 | 4,900,105 |
| Revenue from federal sources | 133,200,000 | 157,134,097 | 119,072,623 | (38,061,474) |
| Sales and other conversion of assets | - | 214,600 | 164,281 | (50,319) |
| Total revenues | <u>624,376,294</u> | <u>642,095,281</u> | <u>629,681,176</u> | <u>(12,414,105)</u> |
| Expenditures | | | | |
| Current | | | | |
| Administration | 31,759,684 | 5,418,084 | 18,487,733 | 13,069,649 |
| District support services | 41,027,710 | 41,292,411 | 32,112,101 | (9,180,310) |
| Elementary and secondary regular instruction | 267,214,941 | 275,828,297 | 255,920,748 | (19,907,549) |
| Vocational education instruction | 5,331,978 | 6,030,592 | 5,482,394 | (548,198) |
| Special education instruction | 129,909,702 | 140,101,756 | 118,665,141 | (21,436,615) |
| Instructional support services | 41,401,130 | 46,565,233 | 46,287,017 | (278,216) |
| Pupil support services | 84,525,035 | 110,817,262 | 95,377,944 | (15,439,318) |
| Sites and buildings | 40,003,457 | 40,304,715 | 43,860,343 | 3,555,628 |
| Fiscal and other fixed cost programs | 1,395,000 | 1,395,000 | 1,397,702 | 2,702 |
| Community education and services | 135,116 | 135,116 | 133,680 | (1,436) |
| Capital outlay | | | | |
| District support services | - | - | 15,980,746 | 15,980,746 |
| Elementary and secondary regular instruction | 1,000 | 208,110 | 242,319 | 34,209 |
| Vocational education instruction | - | 15,000 | 22,775 | 7,775 |
| Special education instruction | - | 135,120 | 6,828 | (128,292) |
| Instructional support services | 6,316 | 318,076 | 335,144 | 17,068 |
| Pupil support services | - | 25,898 | - | (25,898) |
| Sites and buildings | 48,079 | 272,478 | 133,199 | (139,279) |
| Debt service | | | | |
| Principal | - | - | 5,757,183 | 5,757,183 |
| Interest and fiscal charges | - | - | 695,981 | 695,981 |
| Total expenditures | <u>642,759,148</u> | <u>668,863,148</u> | <u>640,898,978</u> | <u>(27,964,170)</u> |
| Excess of revenues over (under) expenditures | <u>\$ (18,382,854)</u> | <u>\$ (26,767,867)</u> | <u>(11,217,802)</u> | <u>\$ 15,550,065</u> |
| Other Financing Sources (Uses) | | | | |
| Proceeds from sale of capital assets | - | - | 32,105 | 32,105 |
| Insurance recovery | - | - | 86,338 | 86,338 |
| Lease issuance | - | - | 8,928,669 | 8,928,669 |
| Notes from direct borrowing issuance | - | - | 6,983,121 | 6,983,121 |
| Transfers out | - | - | (6,481,205) | (6,481,205) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>9,549,028</u> | <u>9,549,028</u> |
| Net change in fund balance | <u>\$ (18,382,854)</u> | <u>\$ (26,767,867)</u> | <u>(1,668,774)</u> | <u>\$ 25,099,093</u> |
| Fund Balance | | | | |
| Beginning of year | | | <u>144,954,225</u> | |
| End of year | | | <u>\$ 143,285,451</u> | |

See notes to basic financial statements.

**Minneapolis Public Schools
Special District No. 1
Statement of Net Position - Proprietary Fund
Internal Service Fund
June 30, 2023**

Assets

| | |
|---------------------------|----------------------|
| Current assets | |
| Cash and cash equivalents | \$ 85,537,852 |
| Cash with fiscal agent | 667,142 |
| Accounts receivable | 890,418 |
| Prepaid items | 770,986 |
| | <hr/> |
| Total assets | <u>\$ 87,866,398</u> |

Liabilities

| | |
|------------------------------------|------------------|
| Current liabilities | |
| Accounts payable | \$ 96,324 |
| Accrued severance | 3,211,349 |
| Loss and loss adjustment reserves | |
| Workers' compensation | 2,765,317 |
| Incurred but not reported reserves | |
| Accrued health insurance benefits | 4,474,198 |
| Total current liabilities | <hr/> 10,547,188 |

Noncurrent liabilities

| | |
|------------------------------------|------------------|
| Loss and loss adjustment reserves | |
| Workers' compensation | 4,147,976 |
| Incurred but not reported reserves | |
| Workers' compensation | 4,147,976 |
| Property/casualty | 778,500 |
| Accrued severance | 28,902,137 |
| Total noncurrent liabilities | <hr/> 37,976,589 |

Total liabilities

\$ 48,523,777

Net Position

| | |
|--------------|----------------------|
| Unrestricted | <u>\$ 39,342,621</u> |
|--------------|----------------------|

**Minneapolis Public Schools
Special District No. 1
Statement of Revenues, Expenses, and Change in Fund
Net Position - Proprietary Fund
Internal Service Fund
Year Ended June 30, 2023**

| | |
|---|---------------|
| Operating Revenue | |
| Local sources - charges for services | \$ 66,068,727 |
| Operating Expenses | |
| Claims administration | 4,047,159 |
| Workers compensation and other benefits | 7,611,419 |
| Self-insured medical benefits | 52,527,313 |
| Severance | 1,016,296 |
| Total operating expenses | 65,202,187 |
| Operating income | 866,540 |
| Nonoperating Revenue | |
| Earnings on investments | 1,845,107 |
| Change in net position | 2,711,647 |
| Net Position | |
| Beginning of year | 36,630,974 |
| End of year | \$ 39,342,621 |

**Minneapolis Public Schools
Special District No. 1
Statement of Cash Flows - Proprietary Fund
Internal Service Fund
June 30, 2023**

| | |
|--|-----------------------------|
| Cash Flows - Operating Activities | |
| Receipts from premiums | \$ 65,793,163 |
| Claims administration | (4,373,821) |
| Claims and severance benefits paid | (60,895,476) |
| Net cash flows - operating activities | <u>523,866</u> |
| Cash Flows - Investing Activities | |
| Investment earnings | <u>1,879,743</u> |
| Net change in cash and cash equivalents | 2,403,609 |
| Cash and Cash Equivalents (Including Cash with Fiscal Agent) | |
| Beginning of year | <u>83,801,385</u> |
| End of year | <u><u>\$ 86,204,994</u></u> |
| Reconciliation of Operating Loss to Net Cash Flows - Operating Activities | |
| Operating loss | \$ 866,540 |
| Adjustments to reconcile operating loss to net cash flows - operating activities | |
| Accounts payable | (326,662) |
| Prepaid insurance | (97,306) |
| Accounts receivable | (275,564) |
| Loss and loss adjustment reserves | 2,342,100 |
| Accrued health insurance benefits | (709,021) |
| Accrued compensated absences | (1,276,221) |
| Net adjustments | <u>(342,674)</u> |
| Net cash flows - operating activities | <u><u>\$ 523,866</u></u> |

**Minneapolis Public Schools
Special School District No. 1
Statement of Fiduciary Net Position
June 30, 2023**

| | Other Post Employment Benefits Irrevocable Trust Fund |
|--|---|
| Assets | |
| Current | |
| Cash and investments | <u>\$ 24,462,720</u> |
| Net Position Restricted for Postemployment Benefits Other than Pensions | <u>\$ 24,462,720</u> |

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

| | Other Post Employment Benefits Irrevocable Trust Fund |
|--|---|
| Additions | |
| Investment income | <u>\$ 1,505,114</u> |
| Change in net position | 1,505,114 |
| Net Position Restricted for Postemployment Benefits Other than Pensions | |
| Beginning of year | <u>22,957,606</u> |
| End of year | <u>\$ 24,462,720</u> |

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The basic financial statements of Minneapolis Public Schools Special School District No. 1 have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

Minneapolis Public Schools Special School District No. 1 (the District) is an instrumentality of the State of Minnesota established to function as an educational institution. The elected School Board (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

GAAP require that the District's basic financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separate from the District. In addition, the District's basic financial statements are to include all component units – entities for which the District is financially accountable. The District is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of service performed or provided by the organization, or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the District. The District has no component units.

Student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside school hours. The School Board does have a fiduciary responsibility in establishing broad policies and ensuring that appropriate financial records are maintained for student activities. However, in accordance with Minnesota State Statutes, the District's School Board has not elected to control or exercise oversight responsibility with respect to the underlying student activities. Accordingly, the student activity accounts are not included in these basic financial statements. As of July 1, 2019, these accounts have been taken under board control and will not be reported separately.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary fund. The fiduciary fund is only reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position at the fund financial statement level.

As of July 1, 2019, the student activity accounts of the District are under board control and are reported in the General Fund.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation

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

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

Separate fund financial statements are provided for the governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type: Other Post Employment Benefits (OPEB) Irrevocable Trust Fund. Since by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide statements.

The Internal Service Fund is presented in the proprietary fund financial statements. Because the principal user of the internal services is the District's governmental activities, the basic financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District's internal service fund is charges for service in the form of insurance premiums and early retirement incentive costs. Operating expenses for the internal service fund include the cost of services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are generally recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded in the following manner:

1. Revenue Recognition

Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to *Minnesota Statutes* and GAAP. *Minnesota Statutes* include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales, community education tuition, and other miscellaneous revenue (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A six-month availability period is generally used for other fund revenue.

2. Recording of Expenditures

Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used. Principal and interest on long-term debt issues are recognized on their due dates. Compensated absences and claims and judgments are recognized when payment is due.

The District reports unearned revenue on its balance sheet and government-wide Statement of Net Position. Unearned revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to incurring the qualifying expenditures. In subsequent periods when the District has a legal claim to the resources, the unearned revenue is removed, and revenue is recognized.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Description of Funds:

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

Major Governmental Funds:

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

Capital Projects Fund – This fund is used to account for financial resources used for the acquisition or construction of major capital facilities. The fund was established for building construction activity authorized by specific voter-approved bond issues and for large-scale construction activity authorized by the Board under provisions of state law. Revenues are from property taxes restricted for property maintenance and bond proceeds.

Debt Service Fund – This fund is used to account for the accumulation of resources for, and payment of, general long-term obligation bond principal, interest, and related costs. The regular debt service account is used for all general obligation bond debt service except for refunding bond issues, for which a separate refunding bond trust account has been established. Revenues included in this fund are state and federal aid and property taxes.

Nonmajor Funds:

Food Service Special Revenue Fund – This fund is used to account for food service revenues and expenditures. Revenues recorded in this fund include charges for meals along with state and federal reimbursement for meals.

Community Service Special Revenue Fund – This fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, veterans, adult or early childhood programs, K-6 extended day programs, or other similar services. Revenues included in this fund include property taxes restricted for Community Service purposes and tuition and fees charged for Community Education along with state and federal aid.

Post Employment Benefits Debt Service – This fund is used to account for the accumulation of resources for and payment of MERF bonds used to finance the District's obligation related to this now defunct pension plan.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Description of Funds: (Continued)

Proprietary Fund:

Internal Service Fund – This fund accounts 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 Fund has two main purposes:

1. Self-insurance activities for property, liability, health, and workers' compensation risks.
2. Accumulate and record the liability for accrued compensated absences (severance and vacation).

Fiduciary Fund:

The District has established an OPEB Irrevocable Trust Fund for other post employment benefit payments.

E. Budgeting

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

The District employs the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of applicable appropriation. All unencumbered appropriations lapse at fiscal year-end. Encumbrances are generally re-appropriated in the ensuing year's budget.

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

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

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgeting (Continued)

At the end of each fiscal year, if the General Fund has a net unassigned deficit fund balance, calculated in accordance with the uniform financial accounting and reporting standards for Minnesota school districts which excludes certain reserves specified in *Minnesota Statutes*, exceeding a negative 2.5% of operating expenditures, a condition referred to as "statutory operating debt" exists. That debt requires retirement through the accumulation of subsequent operating surpluses in accordance with a "special operating plan" approved by the Commissioner of the Department of Education.

F. Cash and Investments

The District's total deposits and investments are comprised of two major components, each with its own set of legal and contractual provisions as described on the following pages.

1. District Governmental Funds

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Cash and investment balances from all funds, with the exception of the investments related to the OPEB Irrevocable Trust Fund, are combined, and invested to the extent available in various securities as authorized by *Minnesota Statutes*. 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 held by trustee include balances held in segregated accounts that are established for specific purposes. In the Debt Service Fund, the refunding bond escrow account held by trustee can be used only to retire refunded bond issues and to pay interest on refunding bond issues until the crossover refunding dates. Interest earned on these investments is allocated directly to the escrow account.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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. Investments held by investment pools are measured at amortized cost.

Cash and investments at June 30, 2023, were comprised of deposits, negotiable certificates of deposit, shares in the Minnesota School District Liquid Asset Fund (MSDLAF), government securities, FHLB, FHLMC, FNMA, and money market funds.

Minnesota Statutes require all deposits be protected by federal deposit insurance corporate surety bond or collateral. The market value of collateral pledged must equal 100% of the deposits not covered by Federal Deposit Insurance Corporation (FDIC) insurance or corporate surety bonds.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Investments (Continued)

1. District Governmental Funds (Continued)

Minnesota Statutes authorize the District 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, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days.

In accordance with GASB Statement No. 79, the various MSDLAF securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the MSDLAF. Investments in the MSDLAF MAX must be deposited for a minimum of 14 calendar days 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. MSDLAF+ Term investments have a maturity of 60 days to one year and early withdrawal may result in substantial early redemption penalties.

2. OPEB Irrevocable Trust Fund

These funds represent investments administered by the District's OPEB Irrevocable Trust Fund investment managers. As of June 30, 2023, they were comprised of mutual funds. The District's investment policy extends to the OPEB Irrevocable 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, commercial paper of the highest quality with a maturity no longer than 270 days, and in the State Board of Investments. Investments are stated at fair value.

G. Accounts Receivable

Represents amounts receivable from individuals, firms, and corporations for goods and services furnished by the District. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary.

H. Inventory

Inventory is 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 weighted average cost method, along with processing costs, and surplus commodities are stated at standardized cost, as determined by the Department of Agriculture.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as an expenditure at the time of consumption.

J. Property Taxes

The District levies its property tax during the month of December. December 28 is the last day the District can certify a tax levy to the County Auditor. Such taxes become a lien on January 1. The property tax is recorded as revenue when it becomes measurable and available. Hennepin County is the collecting agency for the levy and remits the collections to the District three times a year. The tax levy notice is mailed in March with the first half of the payment due on May 15 and the second half due on October 15. Delinquent collections for November and December are received the following January.

A portion of property taxes levied is paid by the State of Minnesota through various tax credits, which are included in revenue from state sources in the basic financial statements.

Current property taxes receivable are recorded for taxes certified the previous December and collectible in the current calendar year, which have not been received by the District. Delinquent property taxes receivable represent uncollected taxes for the past six years and are deferred and included in the deferred inflows of resources section of the fund financial statements as unavailable revenue because they are not available to finance the operations of the District in the current year.

Property taxes levied for subsequent year's expenditures consist principally of property taxes levied in the current year which will be collected and recognized as revenue in the District's following year to properly match those revenues with the budgeted expenditures for which they were levied. This amount is equal to the amount levied by the School Board in December 2022, less various components and their related adjustments as mandated by the state. These portions of that levy were recognized as revenue in the fiscal year 2023. The remaining portion of the levy will be recognized when measurable and available.

K. Lease Receivable

The District is a lessor for noncancellable leases. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the District measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date.

Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term in a systematic and rational manner.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Lease Receivable (Continued)

Key estimates and judgments include how the District determines (1) the discount rate, (2) lease term, and (3) lease receipts.

The District determines the discount rate for leases based on the applicable State and Local Government Securities (SLGS) rate. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

L. Right-to-Use Lease Assets/Lease Liabilities

The District recorded right-to-use lease assets as a result of implementing GASB Statement No. 87, Leases. The right-to-use lease assets are initially measured at an amount equal to the initial measurement of the lease liability plus any payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

Key estimates and judgments related to leases include (1) the discount rate, (2) lease term, and (3) lease payments.

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District determines its estimated borrowing rate based on the applicable State and Local Government Securities rate. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a re-measurement of the leases and will remeasure the right-to-use lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liability.

M. Subscription-Based Information Technology Arrangements

The District recorded subscription-based assets as a result of implementing GASB Statement No. 96, Subscription-based information technology agreements. The subscription-based assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any payments made prior to the subscription agreement term, less incentives, and plus ancillary charges necessary to place get the technology into service. The subscription-based assets are amortized on a straight-line basis over the life of the related agreement.

Key estimates and judgments related to leases include (1) the discount rate, (2) lease term, and (3) lease payments.

The District uses the interest rate charged in the agreement as the discount rate. When the interest rate charged by the lessor is not provided, the District determines its estimated borrowing rate based on the applicable State and Local Government Securities rate. The subscription-based agreement's term includes the noncancellable period of the agreement. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option the District is reasonably certain to exercise.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Subscription-Based Information Technology Arrangements (Continued)

The District monitors changes in circumstances that would require a re-measurement of the subscription-based agreements and will remeasure the subscription-based assets and liabilities if certain changes occur that are expected to significantly affect the amount of the subscription liability.

N. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has two items that qualify for reporting in this category. Deferred outflows of resources related to pensions is recorded in the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years. Deferred outflows of resources related to OPEB is recorded for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the Statement of Financial Position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has six types of items which qualify for reporting in this category. The first item, 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. The second item is property taxes levied for subsequent years, which represent property taxes received or reported as a receivable before the period for which the taxes are levied and is 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. The third item is a deferred charge on refunding and is reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The fourth item is deferred inflows of resources related to pensions and is recorded on the government-wide statements for various estimate differences that will be amortized and recognized over future years. The fifth item is deferred inflows of resources related to OPEB for various estimate differences related to this liability that will be amortized and recognized in future years. The sixth item is deferred inflows of resources related to lease receivable is reported in both the government-wide Statement of Net Position and the Governmental Funds Balance Sheet.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The District records all asset purchases in a capital asset group if the purchase is equal or greater than approximately \$5,000 for all equipment. All vehicles and land are capitalized if greater than \$5,000 and all building and site improvements are capitalized if greater than \$25,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statement but are not reported in the fund financial statements. Capital assets are depreciated or amortized using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation or amortization purposes. The District's capital assets have estimated useful lives as follows:

| <u>Asset</u> | <u>Useful Life</u> |
|-----------------------|--------------------|
| Buildings | 50 years |
| Building improvements | 20 years |
| Equipment | 10 years |
| Vehicles | 8 years |
| Computers | 5 years |

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

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

P. Long-Term Obligations

In the government-wide financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Compensated Absences

The District's employee vacation and sick leave policies grant to certain groups of employees, if certain conditions are met (see Note 10), a specific number of days of vacation with pay and payment for unused sick leave upon retirement. On June 30, 1998, the District established an internal service fund to accrue for and fund the liability for vacation earned and not yet taken, vested sick pay, salary-related payments, and retiree health insurance benefits due to certain active and retired employees.

Significant assumptions made in estimating the District's severance liability are as follows: (1) annual salary increases of 3.5% annually, and (2) discount rate of 3.25%.

R. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) and additions to/deductions from PERA's and TRA's fiduciary net position have been determined on the same basis as they are reported by PERA and TRA. For this purpose, plan contributions are recognized as of employer 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.

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 into TRA in 2006. A second direct aid source is from the State of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association (DTRFA) in 2015.

S. Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to employees for which the District carries commercial insurance and is self-insured for some risks as indicated in Note 9. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in the District's insurance coverage during the year ending June 30, 2023.

T. Restricted Assets

Restricted assets are cash and cash equivalents whose use is limited by legal requirements such as a bond indenture. Restricted assets in these basic financial statements are labeled "Cash and Investments Held by Trustee".

U. Net Position

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

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Fund Balance

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

Nonspendable Fund Balances – Portions of fund balance related to prepaids, inventory, long-term receivables, and corpus on any permanent fund.

Restricted Fund Balances – These funds are constrained from outside parties (statute, grantors, bond agreements, etc.).

Committed Fund Balances – These funds are established and modified by a resolution approved by the Board of Education.

Assigned Fund Balances – These consist of internally imposed constraints. The Board of Education policy authorized the Superintendent and Superintendent's administration to assign fund balances and their intended uses.

Unassigned Fund Balances – These funds are the residual classification for the general fund and also reflects negative residual amounts in other funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to use restricted first, then unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the District's policy to use committed first, then assigned, and finally unassigned amounts.

The District formally adopted a fund balance policy for the General Fund. The policy establishes a year-end minimum unassigned fund balance of no less than 8% of the estimated General Fund expenditures for the following year.

W. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

X. Postemployment Benefits Other than Pensions (OPEB) – Trust Fund

Information about the fiduciary net position of the District 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, the District recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the Statement of Net Position and the Balance Sheet as "Cash and Investments." In accordance with *Minnesota Statutes*, the District maintains deposits at financial institutions which are authorized by the District's Board.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk and follows *Minnesota Statutes* for deposits. *Minnesota Statutes* require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds. Authorized collateral include: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letter of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. *Minnesota Statutes* require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust department of a commercial bank or other financial institution not owned or controlled by the depository. As of June 30, 2023, the District's deposits with a bank balance of \$10,489 were not exposed to custodial credit risk because the balances were fully insured by FDIC or secured by pledged collateral or letters of credit.

As of June 30, 2023, the book value of the District's deposits was negative \$1,195,929.

B. Investments

1. Investment Policy

In accordance with the *Minnesota Statutes* Chapter 118A and other applicable law, including regulations, the District's investment policy permits making deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in the State of Minnesota. The District is allowed to invest in U.S. Treasury or Federal Agency obligations, commercial paper rated "A-1" or higher and that matures in 270 days or less at the time of purchase, collateralized certificates of deposit, repurchase agreements backed by government collateral, and bankers' acceptances of the top 40 U.S. banks.

The District's investment policy establishes limitations on the holdings on non-U.S. government obligations. The maximum percentage of the portfolio (book value at the date of acquisition) permitted in each security is as follows:

| | |
|---|--------------|
| U.S. Treasury/U.S. Government Agencies | 100% Maximum |
| Domestic Commercial Paper ("A-1"/"P-1") | 50% Maximum |
| Collateralized Investment Agreements | 100% Maximum |
| Eligible Bankers' Acceptances | 30% Maximum |
| Repurchase Agreements | 25% Maximum |
| Collateralized Certificates of Deposit | 30% Maximum |

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

1. Investment Policy (Continued)

The District's investment policy with regards to its deposits and investments are in accordance with statutory authority.

2. Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of an investment in a single issuer. The District's investment policy establishes limitations on portfolio composition by issuer in order to control concentration of credit risk. No more than \$5,000,000 of the District's portfolio will be invested in the securities of any single commercial paper issuer.

3. Custodial Credit Risk

This is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. GASB 40 requires disclosure of all uninsured investment securities purchased by the District or held as collateral on deposits or investments that are not registered in the name of the Minneapolis Public Schools, and held by the counterparty to the investment transactions. The District's investments held by one broker-dealer were insured by SIPC or other supplemental insurance as of June 30, 2023. However, each investment brokerage firm may have a limit to their supplemental insurance and because of the size of the District's portfolio in relation to the brokerage firm's excess SIPC coverage limits, the portion of the supplemental policy applicable to the District's portfolio is unknown.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

4. Interest Rate Risk

This is the risk that the market value of securities in the portfolio will fall due to changes in the market interest rates. The District's investment policy states that investments shall be managed in a manner to attain a market rate of return through various economic and budgetary cycles, taking into account constraints on risk and other criteria requirements. As of June 30, 2023, the market values, duration, and percent allocation of the District's investments were as listed below.

| Investment Type | Fair Value | Weighted Average Maturities (in Years) | Percent Allocation | Credit Rating |
|---------------------------------|-----------------------|--|--------------------|---------------|
| Pooled | | | | |
| MSDLAF+ Liquid Class | \$ 19,985,817 | N/A | 4.04% | AAAm |
| MSDLAF+ Max Class | 397,372,985 | N/A | 80.31% | AAAm |
| Federal Home Loan Bank (FHLB) | 12,465,062 | 1.14 | 2.52% | AA+ |
| Federal Farm Credit Bank (FFCB) | 1,283,910 | 1.39 | 0.26% | AA+ |
| U.S. Treasury Securities | 33,329,282 | 0.92 | 6.74% | AA+ |
| Freddie Mac | 2,549,483 | 1.52 | 0.52% | AA+ |
| Mortgage Backed Securities | 7,775,565 | 1.39 | 1.57% | AA+ |
| Commercial Paper Pool | 12,404,728 | N/A | 2.51% | N/A |
| Commercial Paper | 7,586,189 | 0.49 | 1.53% | A-1 |
| Total pooled investments | <u>494,753,021</u> | | <u>100.00%</u> | |
| Non-pooled | | | | |
| Cash with fiscal agent | | | | |
| Cash held by trustee | 769,847 | N/A | 2.32% | N/A |
| U.S. Treasury Securities | 32,467,683 | 2.38 | 97.68% | N/A |
| Total cash with fiscal agent | <u>33,237,530</u> | | <u>100.00%</u> | |
| Health insurance | | | | |
| Cash/money market | 30,391,047 | NA | 100.00% | N/A |
| Total Health Insurance Trust | <u>30,391,047</u> | | <u>100.00%</u> | |
| OPEB Trust Fund | | | | |
| Mutual Funds | 24,332,351 | N/A | 99.47% | N/A |
| Cash/Money Market Funds | 130,369 | N/A | 0.53% | N/A |
| Total OPEB Trust Fund | <u>24,462,720</u> | | <u>100.00%</u> | |
| Total non-pooled investments | <u>88,091,297</u> | | | |
| Total investments | <u>\$ 582,844,318</u> | | | |

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The District has the following recurring fair value measurements as of June 30, 2023:

- Pooled investments of \$33,329,282 are valued using Level 1 inputs
- Pooled investments of \$44,064,937 are valued using Level 2 inputs
- Nonpooled OPEB investments of \$24,332,351 are valued using a matrix pricing model (Level 2 inputs)

C. Deposits and Investments

The following is a summary of total deposits and investments:

| | |
|--------------------------------------|------------------------------|
| Deposits (Note 2.A.) | \$ (1,195,929) |
| Investments - pooled (Note 2.B.) | 494,753,021 |
| Investments - non-pooled (Note 2.B.) | <u>88,091,297</u> |
| Total deposits and investments | <u><u>\$ 581,648,389</u></u> |

Deposits and investments are presented in the June 30, 2023, basic financial statements as follows:

| | |
|--------------------------------------|------------------------------|
| Statement of Net Position | |
| Cash and investments | \$ 523,948,136 |
| Cash and investments held by trustee | 33,237,533 |
| Statement of Fiduciary Net Position | |
| Cash and investments | <u>24,462,720</u> |
| Total deposits and investments | <u><u>\$ 581,648,389</u></u> |

NOTE 3 – INTERFUND ACTIVITY

A. Due To/Due From Other Funds

As of June 30, 2023, the following amounts were due to/due from other funds:

| | Due from Other Fund | Due to Other Fund |
|-------------------|--------------------------|--------------------------|
| General Fund | \$ 508,265 | \$ - |
| Food Service Fund | <u>-</u> | <u>508,265</u> |
| Total | <u><u>\$ 508,265</u></u> | <u><u>\$ 508,265</u></u> |

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 3 – INTERFUND ACTIVITY (CONTINUED)

A. Due To/Due From Other Funds (Continued)

The amount due to/from of \$508,265 is to cover a deficit cash balance in the Food Service Fund, this was covered using the General Fund.

B. Interfund Transfers

The General Fund transferred \$6,481,205 to the Food Service Fund to cover negative fund balance.

NOTE 4 – CAPITAL ASSETS

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

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|-----------------------|----------------------|----------------------|-----------------------|
| Governmental activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 35,446,301 | \$ - | \$ - | \$ 35,446,301 |
| Construction in progress | 52,901,889 | 72,539,031 | 36,497,205 | 88,943,715 |
| Total capital assets not being depreciated | <u>88,348,190</u> | <u>72,539,031</u> | <u>36,497,205</u> | <u>124,390,016</u> |
| Capital assets being depreciated | | | | |
| Buildings | 1,434,914,033 | 36,148,182 | - | 1,471,062,215 |
| Machinery and equipment | 74,140,687 | 7,205,539 | - | 81,346,226 |
| Total capital assets being depreciated | <u>1,509,054,720</u> | <u>43,353,721</u> | <u>-</u> | <u>1,552,408,441</u> |
| Less accumulated depreciation for | | | | |
| Buildings | 729,993,707 | 36,273,142 | - | 766,266,849 |
| Machinery and equipment | 49,680,696 | 8,847,311 | - | 58,528,007 |
| Total accumulated depreciation | <u>779,674,403</u> | <u>45,120,453</u> | <u>-</u> | <u>824,794,856</u> |
| Total capital assets being depreciated, net | <u>729,380,317</u> | <u>(1,766,732)</u> | <u>-</u> | <u>727,613,585</u> |
| Governmental activities, capital assets net | <u>\$ 817,728,507</u> | <u>\$ 70,772,299</u> | <u>\$ 36,497,205</u> | <u>\$ 852,003,601</u> |

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 4 – CAPITAL ASSETS (CONTINUED)

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|---------------------|-------------|----------------------|
| Governmental activities | | | | |
| Right-to-use assets, being amortized | | | | |
| GASB 87 leased assets | \$ 2,163,663 | \$ 9,169,845 | \$ 83,921 | \$ 11,249,587 |
| Subscription-based assets | - | 2,160,573 | - | 2,160,573 |
| Total right-to-use assets, being amortized | 2,163,663 | 11,330,418 | 83,921 | 13,410,160 |
| Accumulated amortization | | | | |
| GASB 87 leased assets | 438,977 | 704,294 | 83,921 | 1,059,350 |
| Subscription-based assets | - | 637,725 | - | 637,725 |
| Total accumulated amortization | 438,977 | 1,342,019 | 83,921 | 1,697,075 |
| Governmental activities right-to-use, net | <u>\$ 1,724,686</u> | <u>\$ 9,988,399</u> | <u>\$ -</u> | <u>\$ 11,713,085</u> |

Depreciation and amortization expense of \$46,462,472 for the year ended June 30, 2023, was charged to the following governmental functions:

| | |
|--|----------------------|
| Administration | \$ 75,681 |
| District support services | 7,839,663 |
| Regular instruction | 7,384,480 |
| Vocational education instruction | 43,805 |
| Special education instruction | 257,430 |
| Community education | 30,376 |
| Instructional support services | 11,056 |
| Pupil support services | 782,675 |
| Food service | 169,891 |
| Sites and buildings | <u>29,867,415</u> |
| Total depreciation and amortization expense, governmental activities | <u>\$ 46,462,472</u> |

NOTE 5 – LONG-TERM LIABILITIES

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

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

A. Components of Long-Term Liabilities

| | Issue Date | Interest Rates | Original Issue | Maturity Date | Principal Outstanding | Due Within One Year |
|---|---------------|-------------------|--------------------|------------------|--------------------------|------------------------|
| Long-term liabilities | | | | | | |
| G.O. bonds, including | | | | | | |
| Refunding bonds | | | | | | |
| | 12/15/09 | 1.15% | \$ 17,200,000 | 12/15/2025 | \$ 17,200,000 | \$ - |
| | 12/28/10 | 5.13% | 19,785,000 | 12/15/2025 | 19,785,000 | - |
| | 12/01/11 | 3.80% | 4,260,000 | 12/15/2025 | 4,260,000 | - |
| | 12/23/14 | 2.00%-3.00% | 21,840,000 | 2/1/2030 | 7,700,000 | 1,645,000 |
| | 12/23/14 | 3.00%-4.00% | 45,270,000 | 2/1/2030 | 24,185,000 | 3,155,000 |
| | 12/29/15 | 2.34% | 21,275,000 | 2/1/2031 | 9,055,000 | 1,200,000 |
| | 12/29/15 | 2.51% | 34,755,000 | 2/1/2031 | 20,950,000 | 2,320,000 |
| | 12/29/15 | 1.69% | 10,830,000 | 2/1/2024 | 1,615,000 | 1,615,000 |
| | 12/22/16 | 5.00% | 41,905,000 | 2/1/2037 | 27,870,000 | 2,335,000 |
| | 12/22/16 | 4.00%-5.00% | 51,910,000 | 2/1/2035 | 39,795,000 | 2,500,000 |
| | 12/06/17 | 4.00%-5.00% | 28,895,000 | 2/1/2033 | 14,860,000 | 1,915,000 |
| | 12/06/17 | 4.00%-5.00% | 51,565,000 | 2/1/2038 | 38,885,000 | 2,590,000 |
| | 12/01/18 | 4.00%-5.00% | 40,395,000 | 2/1/2039 | 26,975,000 | 3,870,000 |
| | 12/01/18 | 4.00%-5.00% | 51,275,000 | 2/1/2038 | 44,365,000 | 2,055,000 |
| | 12/01/19 | 5.00% | 42,735,000 | 2/1/2040 | 31,470,000 | 4,215,000 |
| | 12/01/19 | 5.00% | 29,385,000 | 2/1/2038 | 26,190,000 | 1,230,000 |
| | 12/01/19 | 5.00% | 5,385,000 | 2/1/2027 | 2,770,000 | 645,000 |
| | 12/29/20 | 4.00%-5.00% | 46,785,000 | 2/1/2041 | 39,615,000 | 3,955,000 |
| | 12/29/20 | 1.00%-5.00% | 26,140,000 | 2/1/2041 | 24,515,000 | 925,000 |
| | 07/14/21 | 5.00% | 18,725,000 | 2/1/2033 | 15,965,000 | 1,270,000 |
| | 12/30/21 | 5.00% | 35,895,000 | 2/1/2042 | 32,145,000 | 4,095,000 |
| | 12/30/21 | 5.00% | 31,600,000 | 2/1/2042 | 30,330,000 | 1,470,000 |
| | 12/30/21 | 5.00% | 29,060,000 | 2/1/2034 | 26,745,000 | 2,545,000 |
| | 12/01/22 | 5.00% | 31,150,000 | 2/1/2043 | 31,150,000 | 2,255,000 |
| | 12/01/22 | 5.00% | 27,600,000 | 2/1/2043 | 27,600,000 | 1,255,000 |
| Total | | | <u>765,620,000</u> | | <u>585,995,000</u> | <u>49,060,000</u> |
| Certificates of participation | | | | | | |
| | 12/29/15 | 2.00-3.20% | 44,475,000 | 2/1/2031 | 26,220,000 | 2,950,000 |
| | 12/22/16 | 5.00% | 22,025,000 | 2/1/2032 | 15,590,000 | 1,415,000 |
| | 12/06/17 | 4.00-5.00% | 38,565,000 | 2/1/2033 | 28,660,000 | 2,345,000 |
| | 12/01/19 | 2.67% | 6,715,000 | 2/1/2035 | 5,750,000 | 365,000 |
| | 09/29/20 | 5.00% | 26,055,000 | 4/1/2036 | 22,990,000 | 1,330,000 |
| | 12/01/22 | 5.00% | 65,545,000 | 2/1/2030 | 65,545,000 | 7,635,000 |
| Total | | | <u>203,380,000</u> | | <u>164,755,000</u> | <u>16,040,000</u> |
| Bond premium | | | | | 99,831,500 | - |
| Notes from direct borrowing | | | | | 15,029,262 | 6,888,564 |
| Lease liability | | | | | 10,315,441 | 1,042,706 |
| Self insurance liability and compensated absences | | | | | <u>48,427,453</u> | <u>10,450,864</u> |
| Total long-term liabilities | | | | | <u>\$ 924,353,656</u> | <u>\$ 83,482,134</u> |

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

B. Minimum Debt Payments

General Obligation Bonds and Certifications of Participation

| Year Ending June 30, | Certificates of Participation | | G.O. Bonds | |
|-------------------------|-------------------------------|----------------------|-----------------------|-----------------------|
| | Principal | Interest | Principal | Interest |
| 2024 | \$ 16,040,000 | \$ 7,682,581 | \$ 49,060,000 | \$ 27,793,157 |
| 2025 | 17,230,000 | 6,490,250 | 48,395,000 | 24,277,061 |
| 2026 | 18,035,000 | 5,689,450 | 88,935,000 | 21,305,931 |
| 2027 | 18,870,000 | 4,850,300 | 45,495,000 | 18,409,900 |
| 2028 | 19,745,000 | 3,971,200 | 39,510,000 | 16,308,950 |
| 2029-2033 | 67,340,000 | 7,386,200 | 169,130,000 | 56,050,300 |
| 2034-2038 | 7,495,000 | 325,500 | 107,255,000 | 22,677,100 |
| 2039-2043 | - | - | 38,215,000 | 4,470,400 |
| Total | <u>\$ 164,755,000</u> | <u>\$ 36,395,481</u> | <u>\$ 585,995,000</u> | <u>\$ 191,292,799</u> |

Leases and Notes from Direct Borrowing

| Year Ending June 30, | Notes from Direct Borrowing | | Lease Liability | |
|-------------------------|-----------------------------|---------------------|----------------------|---------------------|
| | Principal | Interest | Principal | Interest |
| 2024 | \$ 6,888,564 | \$ 834,726 | \$ 1,042,706 | 490,509 |
| 2025 | 4,754,616 | 472,090 | 1,128,027 | 437,907 |
| 2026 | 2,377,564 | 213,806 | 984,699 | 383,766 |
| 2027 | 1,008,518 | 69,777 | 686,810 | 339,964 |
| 2029-2033 | - | - | 3,483,378 | 1,223,391 |
| 2033-2037 | - | - | 2,989,821 | 234,065 |
| Total | <u>\$ 15,029,262</u> | <u>\$ 1,590,399</u> | <u>\$ 10,315,441</u> | <u>\$ 3,109,602</u> |

C. Description of Long-Term Liabilities

On December 6, 2022, the District issued \$31,150,000 of General Obligation School Building Bonds, Series 2022A. The proceeds of this bond are to finance the rehabilitating, remodeling, expanding, and equipping of existing school buildings, the acquisition of sites, construction, and equipping of new school buildings and the acquisition and betterment of District facilities, and to pay costs of issuing the series 2022A Bonds.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Liabilities (Continued)

On December 6, 2022, the District issued \$27,600,000 of General Obligation Long-Term Facilities Maintenance bonds, Series 2022B. The proceeds of this bond are to finance the projects included in the facilities plan, and to pay costs of issuing the series 2022B Bonds.

On December 6, 2022, the District issued \$65,545,000 Refunding Certificates of Participation, Series 2022C. The proceeds of this issue were deposited into the Debt Service Fund and to refund, in advance of their stated maturities, the remaining fiscal 2023 through 2030 maturities of the Districts Certificates of Participation, Series 2014D. After the current refunding, the district assumes full debt service of the principal and interest payments on the 2022C issue. The total debt service savings to the District from such refunding is approximately \$3,808,953 on a present value basis.

The District entered into various financed purchase agreements classified as notes from direct borrowing for the purchase of technology equipment. The interest or discount rate used to calculate the liability for notes from direct borrowing and the related principal and interest ranged from 4.12% to 7.9%. Payment terms related to notes from direct borrowing are listed in the table above.

The District entered into various lease agreements for the leasing of building space and equipment. The interest or discount rate used to calculate the lease liability and the related principal and interest was 5.0%. Payment terms related to lease liabilities are listed in the table above.

D. Changes in Long-Term Liabilities

See Notes 11 for detailed information on the District's Self Insurance Plan and Compensated Absences.

| | <u>June 30, 2022</u> | <u>Additions</u> | <u>Retirements</u> | <u>June 30, 2023</u> |
|---|-----------------------|-----------------------|-------------------------|-----------------------|
| Governmental activities | | | | |
| Bonds payable | | | | |
| General obligation bonds | \$ 573,655,000 | \$ 58,750,000 | \$ (46,410,000) | \$ 585,995,000 |
| Bond premium | 106,861,987 | 10,829,199 | (17,859,686) | 99,831,500 |
| Certificates of participation payable | 188,455,000 | 65,545,000 | (89,245,000) | 164,755,000 |
| Notes from direct borrowing | 15,129,168 | 6,983,121 | (7,083,027) | 15,029,262 |
| Lease liability | 1,778,071 | 9,169,844 | (632,474) | 10,315,441 |
| Self insurance reserves and compensated absences | <u>48,070,595</u> | <u>356,858</u> | <u>-</u> | <u>48,427,453</u> |
| Total governmental activity long-term liabilities | <u>\$ 933,949,821</u> | <u>\$ 151,634,022</u> | <u>\$ (161,230,187)</u> | <u>\$ 924,353,656</u> |

The internal service fund typically liquidates the liability related to self-insurance and compensated absences.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 6 – FUND BALANCES

Certain portions of fund balance are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties. Administration also has the authority to internally assign portions of fund balance for specific purposes. Other amounts are identified as nonspendable as disbursement has been made for a good or service that will benefit future periods.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 6 – FUND BALANCES (CONTINUED)

Restricted and nonspendable/assigned fund balances at June 30, 2023, are as follows:

| | Restricted | Nonspendable/ Assigned |
|---|----------------|---------------------------|
| General Fund | | |
| Nonspendable for prepaid items | \$ - | \$ 5,786,787 |
| Nonspendable for inventory | - | 171,134 |
| Restricted for student activities | 543,356 | - |
| Restricted for basic skills extended time | 7,631,978 | - |
| Restricted for contract alternative schools | 966,181 | - |
| Restricted for operating capital | 12,572,197 | - |
| Restricted for gifted and talented | 439,264 | - |
| Restricted for other purposes | 233,781 | - |
| Assigned for referendum - class size | - | 29,145,733 |
| Assigned for capital projects referendum | - | 10,352,119 |
| Assigned for alternative compensation | - | 2,952,491 |
| Assigned for curriculum adoption/replacement | - | 5,000,000 |
| Assigned for funded projects and reemployment insurance | - | 2,764,889 |
| Assigned for contingency | - | 4,700,000 |
| Total General Fund | 22,386,757 | 60,873,153 |
| Special Revenue Funds | | |
| Food Service Fund | | |
| Nonspendable for inventory | - | 1,970,767 |
| Community Service Fund | | |
| Restricted for school readiness | 1,241,654 | - |
| Restricted for adult basic education | 1,364,412 | - |
| Restricted for community education programs | 1,814,399 | - |
| Restricted for early childhood and family | 664,466 | - |
| Restricted for grants and funded programs | 2,541,257 | - |
| Total Special Revenue Funds | 7,626,188 | 1,970,767 |
| Capital Projects - Building Construction Fund | | |
| Nonspendable for prepaid items | - | 942,362 |
| Restricted for long-term facilities maintenance | 102,581,660 | - |
| Restricted for building construction | 125,449,726 | - |
| Total Building Construction Fund | 228,031,386 | 942,362 |
| Debt Service Fund | | |
| Restricted for QSCB/QZAB | 29,259,472 | - |
| Restricted for other purposes | 13,945,642 | - |
| Total Debt Service Fund | 43,205,114 | - |
| Total all funds | \$ 301,249,445 | \$ 63,786,282 |

Restricted/Reserved for Student Activities – This balance represents available resources to be used for the extracurricular activity funds raised by the students.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 6 – FUND BALANCES (CONTINUED)

Restricted for Gifted and Talented – The part of General Education Aid revenue for the gifted and talented program that is unspent at year end must be restricted in this Balance Sheet account

Restricted/Reserved for Operating Capital – This balance represents available resources in the General Fund to be used to purchase equipment and facilities.

Restricted/Reserved for Contracted Alternative Program – Pursuant to *Minnesota Statutes* §§ 124D.68, subd. 3d and 124D.69, subd. 1, districts must reserve at least 95% of the average general education revenue, less basic skills revenue, per pupil unit times the number of pupil units for pupils, attending this program and the amount of basic skills revenue generated by pupils attending the program according to *Minnesota Statutes* 126C.10, subd.4.

Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) – This balance represents available resources to be used for LTFM projects in accordance with the 10-year plan (*Minnesota Statutes* § 123B.595, subd. 12).

Restricted for Community Education Programs – The fund balance restriction represents accumulated resources available to provide general community education programming.

Restricted/Reserved for Basic Skills Extended Time – This balance represents resources available for the basic skills extended time uses listed in *Minnesota Statutes* § 126C.15, subd. 1.

Restricted for Early Childhood and Family Education Programs – This fund balance restriction represents accumulated resources available to provide services for early childhood and family education programming.

Restricted for School Readiness Programs – The fund balance restriction represents accumulated resources available to provide school readiness programming (*Minnesota Statutes* § 124D.16).

Restricted for Adult Basic Education – The fund balance restriction represents accumulated resources available to provide adult basic education services.

Restricted for QSCB/QZAB – The fund balance restriction represents resources required by agreement to be segregated for future payments of Qualified Zone Academy Bond (QZAB) or Qualified School Construction Bonds (QSCB) debt instruments. These resources are held by the District and will pay off the debt at maturity.

Restricted for Building Construction – Restricted for building construction represents available resources to fund construction expenditures on current and future contracts.

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

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

Teachers' Retirement Association

The District participates in various pension plans. Total pension expense for the year ended June 30, 2023, was \$(166,155,978). The components of pension expense are noted in the following plan summaries.

The General Fund typically liquidates the Liability related to the pensions.

A. Plan Description

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

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 teachers employed by St. Paul Schools or Minnesota State Colleges and Universities). Educators first hired by Minnesota State may elect either TRA coverage or coverage through the Define Contribution Plan (DCP) administered by Minnesota State.

B. Benefits Provided

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

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

Tier I Benefits

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

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

B. Benefits Provided (Continued)

Tier I Benefits (Continued)

With these provisions:

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

Tier II Benefits

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

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

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

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

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

C. Contribution Rate

Per *Minnesota Statutes*, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ended June 30, 2021, June 30, 2022, and June 30, 2023, were:

| | <u>June 30, 2021</u> | | <u>June 30, 2022</u> | | <u>June 30, 2023</u> | |
|-------------|----------------------|-----------------|----------------------|-----------------|----------------------|-----------------|
| | <u>Employee</u> | <u>Employer</u> | <u>Employee</u> | <u>Employer</u> | <u>Employee</u> | <u>Employer</u> |
| Basic | 11.00% | 12.1% | 11.00% | 12.3% | 11.00% | 12.55% |
| Coordinated | 7.50% | 8.1% | 7.50% | 8.3% | 7.50% | 8.55% |

In an agreement related to the merger of the Minneapolis Teachers Retirement Association, the District has agreed to pay an additional 3.64% for a total employer contribution of 12.19%.

The following is a reconciliation of employer contributions in TRA's fiscal year 2022 ACFR "Statement of Changes in Fiduciary Net Position" to the employer contributions used in Schedule of Employer and Non-Employer Pension Allocations. Amounts are reported in thousands.

| | |
|--|-------------------|
| Employer contributions reported in TRA's ACFR Statement of Changes in Fiduciary Net Position | \$ 482,679 |
| Deduct employer contributions not related to future contribution efforts | (2,178) |
| Deduct TRA's contributions not included in allocation | <u>(572)</u> |
| Total employer contributions | 479,929 |
| Total non-employer contributions | <u>35,590</u> |
| Total contributions reported in <i>Schedule of Employer and Non-Employer Pension Allocations</i> | <u>\$ 515,519</u> |

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

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

D. Actuarial Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information

| | |
|---------------------------|--|
| Valuation date | July 1, 2022 |
| Measurement date | June 30, 2022 |
| Experience study | June 5, 2019 (demographic and economic assumptions) |
| Actuarial cost method | Entry Age Normal |
| Actuarial assumptions | |
| Investment rate of return | 7.00% |
| Price inflation | 2.50% |
| Wage growth rate | 2.85% before July 1, 2028, and 3.25% after June 30, 2028. |
| Projected salary increase | 2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% after June 30, 2028. |
| Cost of living adjustment | 1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually. |

Mortality Assumption

| | |
|-----------------|--|
| Pre-retirement | RP 2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP 2015 scale. |
| Post-retirement | RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of set rates. Generational projections uses the MP 2015 scale. |
| Post-disability | RP 2014 disabled retiree mortality table, without adjustment. |

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

E. Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------|--------------------------|---|
| Domestic stocks | 33.5 % | 5.10 % |
| International stocks | 16.5 | 5.30 |
| Private markets | 25.0 | 5.90 |
| Fixed income | 25.0 | 0.75 |
| Total | <u>100.0 %</u> | |

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2023 is six years. The "Difference Between Expected and Actual Experience," "Changes of Assumptions," and "Changes in Proportion" use the amortization period of six years in the schedule presented. The amortization period for "Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments" is five years as required by GASB 68.

Changes in actuarial assumptions since the 2021 valuation:

- None

E. Discount Rate

The discount rate used to measure the total pension liability was 7.0%. 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 (SEIR).

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

G. Net Pension Liability

On June 30, 2023, the District reported a liability of \$507,361,370 for its proportionate share of the net pension liability. In addition, the net pension liability allocated to the district under a lump sum direct aid payment related to the District's merger into the fund is \$34,952,611 for a total liability allocated to the District of \$542,313,981. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. District proportionate share was 6.3361% at the end of the measurement period and 6.3716% for the beginning of the year. An additional 0.4365% was allocated at June 30, 2022, under the direct aid payment agreement.

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

| | |
|---|----------------|
| District's proportionate share of net pension liability | \$ 542,313,981 |
| State's proportionate share of the net pension liability associated with the District | 37,625,433 |

For the year ended June 30, 2023, the District recognized pension expense of \$(417,314,976). Included in this amount, the District recognized \$5,173,612 as pension expense for the support provided by direct aid.

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| | <u> </u> | <u> </u> |
| Differences between expected and actual experience | \$ 8,266,534 | \$ 4,953,299 |
| Net collective difference between projected and actual earnings on plan investments | 14,468,902 | - |
| Changes of assumptions | 87,676,746 | 133,802,809 |
| Changes in proportion | - | 50,155,887 |
| Contributions to TRA subsequent to the measurement date | <u>36,197,583</u> | <u>-</u> |
| Total | <u>\$ 146,609,765</u> | <u>\$ 188,911,995</u> |

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

G. Net Pension Liability (Continued)

The \$36,197,583 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and (deferred inflows of resources) will be recognized in pension expense as follows:

| Year Ended June 30, | Pension Expense Amount |
|------------------------|------------------------------|
| 2024 | \$ (145,903,888) |
| 2025 | 2,176,127 |
| 2026 | (1,454,222) |
| 2027 | 66,748,357 |
| 2028 | (66,187) |
| Total | \$ (78,499,813) |

H. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percent lower (6.0%) and 1 percent higher (8.0%) than the current rate.

| | District proportionate share of NPL | | |
|------------------|--|-------------------------------------|--|
| | 1% Decrease in Discount Rate (6.00%) | Current Discount Rate (7.00%) | 1% Increase in Discount Rate (8.00%) |
| Standard share | \$ 799,827,572 | \$ 507,361,370 | \$ 267,630,274 |
| Direct aid share | 55,100,888 | 34,952,611 | 18,437,306 |

The District's proportion of the net pension liability was based on the employer contributions to TRA in relation to TRA's total employer contributions including direct aid contributions from the State of Minnesota, City of Minneapolis, and Minneapolis School District.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

I. Pension Plan Fiduciary Net Position

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, or by writing to TRA at 60 Empire Drive, Suite 400, St. Paul, MN, 55103-4000, or by calling (651) 296-2409 or (800) 657-3669.

Public Employees' Retirement Association

A. Plan Description

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

General Employees Retirement Plan

The General Employees Retirement Plan covers certain full time and part time employees of the District. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

B. Benefits Provided

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

General Employees Plan Benefits

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

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

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

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

General Employees Plan Benefits (Continued)

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1.0% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2023 and the District was required to contribute 7.5% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2023, were \$13,822,527. The District's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At June 30, 2023, the District reported a liability of \$187,657,262 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 non-employer 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 \$5,501,631.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

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

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 2.3694% at the end of the measurement period and 2.3872% for the beginning of the period.

| | |
|--|------------------------------|
| District's proportionate share of net pension liability | \$ 187,657,262 |
| State of Minnesota's proportionate share of the net pension liability associated with the District | <u>5,501,631</u> |
| Total | <u><u>\$ 193,158,893</u></u> |

For the year ended June 30, 2023, the District recognized pension expense of \$21,796,819 for its proportionate share of General Employees Plan's pension expense. Included in this amount, the District recognized an additional \$822,070 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

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

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|----------------------------------|
| Differences between expected and actual economic experience | \$ 1,567,453 | \$ 2,028,053 |
| Changes in actuarial assumptions | 42,779,656 | 804,713 |
| Net collective difference between projected and actual investment earnings | 3,138,216 | - |
| Change in proportion | - | 9,726,061 |
| District's contributions to PERA subsequent to the measurement date | 13,822,527 | - |
| Total | \$ 61,307,852 | \$ 12,558,827 |

The \$13,822,527 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 ended June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30, | Pension Expense |
|------------------------|--------------------|
| 2024 | \$ 8,870,313 |
| 2025 | 15,435,338 |
| 2026 | (6,349,910) |
| 2027 | 16,970,757 |
| Total | \$ 34,926,498 |

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

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

Public Employees' Retirement Association (Continued)

E. Long-Term Expected Return on Investment

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

| Asset Class | Target | Long-Term |
|----------------------|---------|-----------|
| Domestic equity | 33.5 % | 5.10 % |
| International stocks | 16.5 | 5.30 |
| Fixed income | 25.0 | 0.75 |
| Private markets | 25.0 | 5.90 |
| Total | 100.0 % | |

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. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5%. 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 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

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

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

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

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

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

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

Public Employees' Retirement Association (Continued)

F. Actuarial Methods and Assumptions (Continued)

The following changes in actuarial assumptions and plan provisions occurred in 2022:

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

G. Discount Rate

The discount rate used to measure the total pension liability in 2022 was 6.5%. 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 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.

H. Pension Liability Sensitivity

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

| | 1% Decrease in Discount Rate (5.5%) | Current Discount Rate (6.5%) | 1% Increase in Discount Rate (7.5%) |
|---|---|------------------------------------|---|
| District's proportionate share of the PERA net pension liability | \$ 296,414,475 | \$ 187,657,262 | \$ 98,459,564 |

I. Pension Plan Fiduciary Net Position

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

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

The District provides a single-employer defined benefit health care plan to eligible retirees and their families. The plan offers medical and dental coverage administered by HealthPartners and Delta Dental, respectively. It is the District's policy to periodically review its medical coverage and to obtain requests for proposals in order to provide the most favorable benefits and premiums for District employees and retirees.

B. Benefits Provided

Employees of the District who retire and have met the age and service requirements necessary to receive an annuity from PERA, TRA, or MERF are eligible to remain in the group health insurance plans. Employees who are at least age 55 or have 30 years or more service (including 10 years of service with the District) at retirement and are not qualified to participate in such program of medical insurance provided by another employer will receive health insurance. The District will contribute the same amount towards retiree health insurance as it would for active employees. The District will contribute the prevailing employer contribution from the master agreement in effect at the time of retirement until the earlier of age 65 or death. The General Fund, Capital Projects Fund, Food Service Fund, and Community Service Fund typically liquidate the Liability related to OPEB.

Dental insurance is covered by the District in the group plan for active employees and retirees contribute COBRA rates. For MPSASP and ELT plan members dental coverage through the District is only for those who were hired prior to July 1, 2010. Retirees for those plans still contribute the COBRA rates.

C. Members

As of June 30, 2021, the following were covered by the benefit terms:

| | |
|--|---------------------|
| Inactive employees or beneficiaries currently receiving benefits | 84 |
| Active employees | <u>5,840</u> |
| Total | <u><u>5,924</u></u> |

D. Contributions

Retirees contribute to the health care plan at the same rate as District employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the District, based on the contract terms with Health Partners. The required contributions are based on projected pay-as-you-go financing requirements. For the year 2023, the District contributed \$941,929 to the plan.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation measurement date as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

| | |
|---------------------------------|--|
| Investment rate of return | 4.50%, net of investment expense |
| Salary Scale | 3.00% |
| Inflation | 2.50% |
| Healthcare cost trend increases | 8.0% , decreasing to 4.5% over eight years. |
| Mortality Assumption | RP-2014 Disabled Retiree Mortality Table, adjusted for mortality improvements using projection scale MP-2020, from a base year of 2014. |

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2021 through June 30, 2022.

Changes in Actuarial Assumptions

- Discount rate was increased 4.15% to 4.19%

The discount rate used to measure the total OPEB liability was 4.19% based on the long-term expected rate of return and the municipal bond index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another scale).

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

E. Actuarial Assumptions (Continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Target</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------|-----------------------|---|
| Fixed income | 50.0 % | 0.00 % |
| Domestic equity | 33.0 | 3.60 |
| International equity | 17.0 | 4.50 |
| Unallocated cash | 0.0 | 0.00 |
| Other | <u>0.0</u> | 0.00 |
| Total | <u><u>100.0 %</u></u> | |

The details of the investments and the investment policy are described in Note 2. of the District's basic financial statements. For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 6.93%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

F. Discount Rate

The discount rate used to measure the total OPEB liability was 4.19%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

G. Changes in Net OPEB Liability

| | Increase (Decrease) | | |
|--|-----------------------------------|--|---------------------------------------|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
| Balances at July 1, 2022 | \$ 59,137,147 | \$ 22,957,606 | \$ 36,179,541 |
| Changes for the year | | | |
| Service cost | 4,436,196 | - | 4,436,196 |
| Interest | 2,618,749 | - | 1,886,130 |
| Differences between expected and actual economic experience | (990,401) | 556,798 | (4,891,341) |
| Employer contributions | - | 941,929 | (618,046) |
| Changes in assumptions | (205,995) | - | 1,972,160 |
| Benefit payments | (941,929) | (941,929) | - |
| Projected earnings on fiduciary net position | - | 1,031,227 | (977,564) |
| Administrative expense | - | (82,911) | 82,911 |
| Other charges | - | - | - |
| Net changes | 4,916,620 | 1,505,114 | 3,411,506 |
| Balances at June 30, 2023 | \$ 64,053,767 | \$ 24,462,720 | \$ 39,591,047 |

Plan fiduciary net position as a percentage of the total OPEB liability 38.19%

H. OPEB Liability Sensitivity

The following presents the District's net OPEB liability calculated using the discount rate of 4.19% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

| | 1% Decrease in Discount Rate (3.19%) | Current Discount Rate (4.19%) | 1% Increase in Discount Rate (5.19%) |
|--------------------|--|-------------------------------------|--|
| Net OPEB liability | \$ 48,287,484 | \$ 39,591,047 | \$ 37,933,308 |

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

H. OPEB Liability Sensitivity (Continued)

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using trend rates that are 1% lower and 1% higher than the trend rates.

| | 1% Decrease in Trend Rate <u>(7.00%)</u> | Current Trend Rate <u>(8.00%)</u> | 1% Increase in Trend Rate <u>(9.00%)</u> |
|--------------------|--|---|--|
| Net OPEB liability | \$ 34,800,615 | \$ 39,591,047 | \$ 52,614,353 |

I. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the District recognized OPEB expense of \$1,159,833. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources <u></u> | Deferred Inflows of Resources <u></u> |
|--|---|--|
| Net collective difference between projected and actual investment earnings | \$ 840,777 | \$ - |
| Differences between expected and actual economic experience | 278,367 | 13,755,660 |
| Changes of assumptions | <u>1,861,963</u> | <u>18,982,777</u> |
| Total | <u>\$ 2,981,107</u> | <u>\$ 32,738,437</u> |

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

**I. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB (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, | Total |
|-------------------------|-----------------|
| 2024 | \$ (4,734,896) |
| 2025 | (4,772,506) |
| 2026 | (4,003,364) |
| 2027 | (4,932,325) |
| 2028 | (4,056,326) |
| 2029 + | (7,257,913) |
| Total | \$ (29,757,330) |

NOTE 9 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Programs

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

B. Contingencies

The District is subject to legal proceedings and claims which arise in the ordinary course of business. Management has accrued claims payable in the amount of \$11,839,768 as disclosed in Note 11 for general liability, auto liability, and worker's compensation claims.

C. Teachers Retirement Association

The District is required to levy for and contribute amounts to Minnesota Teachers Retirement Association under *Minnesota Statutes* totaling \$2,250,000 each year, due by October 1. These amounts are further described in Note 7 as direct aid contributions.

D. Construction Commitments

The District has in process various multi-year construction and repair projects which were not completed in the current fiscal year. As of June 30, 2023, outstanding commitments for these multi-year projects total approximately \$42,671,285.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 10 – COMPENSATED ABSENCES

Employees of the District are eligible for severance pay based on unused sick leave as follows:

A. Administrators

Employees who are at least 55 years of age or who are credited with 30 years of service by the Minneapolis Teachers Retirement Fund Association (MORFA) may be eligible to receive payment for 50% of unused sick leave.

B. Teachers

Employees who are at least 55 years of age or who are credited with 30 years of service by the MTRFA receive payment for 50% of unused sick leave. All amounts of vested sick pay are accrued as liabilities in the Internal Service Post Retirement Benefits Fund.

C. Principals

Employees hired on or before July 1, 2014, and who are at least 55 years of age or who are credited with 30 years of service receive severance pay amounting to 60% of unused sick leave. Employees hired after July 1, 2014, receive payment up to 80 hours of unused sick leave at 60% of the daily rate of pay.

NOTE 11 – RISK MANAGEMENT

The District accounts for the risk management activities of workers' compensation and general liability exposure in its Self-Insurance Fund, a proprietary-type Internal Service Fund. Inter-fund premiums for coverage are charged to activities of user funds as quasi-external transactions. The District purchases insurance coverage for its property exposure, with an aggregate coverage amount of \$250,000,000.

The District is self-insured for workers' compensation coverage and caps its liability with the purchase of reinsurance coverage. The District is a member of Workers' Compensation Reinsurance Association (WCRA), which reimburses members for individual claim losses exceeding a member's chosen retention limit. The retention limit for the District at June 30, 2023 and 2022, was \$2,000,000.

Liabilities of \$11,061,268 have been recorded in the Self-Insurance Fund for known workers' compensation claims and for claims incurred but not reported as of June 30, 2023. The recorded reserves are actuarially evaluated annually and adjusted accordingly. The discount rate used at June 30, 2023, was 4.0%.

The District became self-insured for general liability for claims incurred after January 1, 1990, through June 30, 1999, and for claims incurred after July 1, 2001 (the self-insurance period). The District purchased general liability insurance from Royal Insurance covering the period from July 1, 1999 through June 30, 2001. Claims incurred during the self-insurance period are the responsibility of the District. *Minnesota Statutes* limit the maximum liability of a public employer to \$300,000 per claimant and \$1,500,000 for claims from a single event. There are several lawsuits pending in which the District is involved. The District estimates that the potential claims against the District that are not covered by insurance or reserves resulting from such litigation would not materially affect the District's basic financial statements. Liabilities of \$778,500 have been established to cover such claims as of June 30, 2023.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 11 – RISK MANAGEMENT (CONTINUED)

The following summarizes claims activity in the District's self-insurance internal service fund related to general liability and workers' compensation:

| | |
|--|----------------------|
| Claims incurred but not reported or case reserves at June 30, 2020 | \$ 9,965,257 |
| Claims incurred, fiscal year 2021 | 6,097,603 |
| Claims paid, fiscal year 2021 | <u>(5,029,334)</u> |
| Claims incurred but not reported or case reserves at June 30, 2021 | 11,033,526 |
| Claims incurred, fiscal year 2022 | 3,991,113 |
| Claims paid, fiscal year 2022 | <u>(5,526,970)</u> |
| Claims incurred but not reported or case reserves at June 30, 2022 | 9,497,669 |
| Claims incurred, fiscal year 2023 | 8,007,083 |
| Claims paid, fiscal year 2023 | <u>(5,664,984)</u> |
| Claims incurred but not reported or case reserves at June 30, 2023 | <u>\$ 11,839,768</u> |

The District maintains commercial coverage for property insurance.

The District is self-insured for health benefits. A stop-loss policy was purchased that limits the District's loss to \$300,000 at which point the reinsurance coverage is available. The District also has aggregate stop-loss coverage in place which limits the District's liability to 120% of the prior year's claims. Settled claims have not exceeded this commercial coverage in any of the past three years.

The governmental funds of the District participate in the program and make payments to the Self Insured Medical Benefits Internal Service Fund. Based on the requirements of GASB Statement No. 10, a liability is reported if information prior to the issuance of the basic financial statements indicates that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated. Participants in the program make premium payments to the fund based on the insurance premium. The Self Insured Medical Benefits Internal Service Fund does not include a reserve for catastrophe losses. The total claims liability reported in the Fund at June 30, 2023, is \$4,474,198 and include amounts for known claims and for estimated incurred but not reported claims. These estimates are determined based on the probability that a loss has occurred, and the amount of the loss can be reasonably estimated.

**Minneapolis Public Schools
Special School District No. 1
Notes to Basic Financial Statements**

NOTE 11 – RISK MANAGEMENT (CONTINUED)

Changes in the Fund's claims liability amounts for the past five years were as follows:

| | Balance, Beginning of Year | Claims, Expense and Estimates | Claims Payments | Balance, End of Year |
|-----------|----------------------------------|-------------------------------------|--------------------|-------------------------|
| 2020-2021 | \$ 3,097,661 | \$ 53,521,331 | \$ (53,169,390) | \$ 3,449,602 |
| 2021-2022 | 3,449,602 | 55,496,472 | (53,762,855) | 5,183,219 |
| 2022-2023 | 5,183,219 | 57,893,938 | (58,602,959) | 4,474,198 |

NOTE 12 – CHANGE IN ACCOUNTING PRINCIPLE

The District has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. As a result, beginning net position for governmental activities was restated to increases net position by \$2,160,573. Our opinion is not modified with respect to this matter.

NOTE 13 – SUBSEQUENT EVENTS

On December 21, 2023, the District issued \$35,050,000 in General Obligation School Building Bonds, Series 2023A. The proceeds will be used for the purpose of funding various capital improvements and equipment, and to pay the costs associated with the issuance of the Series 2023A Bonds. The District issued \$41,790,000 in General Obligation Long-Term Facilities Maintenance Bonds, Series 2023B. The proceeds of the Series 2023B Bonds will be used to provide funds for repair and facility projects at selected school sites throughout the District, and to pay the costs associated with the issuance of the Series 2023B Bonds.

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REQUIRED SUPPLEMENTARY INFORMATION

**Minneapolis Public Schools
Special School District No. 1
Schedule of Changes in Net OPEB Liability
and Related Ratios**

| | <u>June 30, 2017</u> | <u>June 30, 2018</u> | <u>June 30, 2019</u> |
|--|----------------------|----------------------|----------------------|
| Total OPEB Liability | | | |
| Service cost | \$ 6,076,552 | \$ 6,419,803 | \$ 6,069,488 |
| Interest | 3,005,357 | 2,178,073 | 2,804,957 |
| Differenced between expected and actual experience | - | (7,083,960) | - |
| Changes of assumptions | - | (2,164,523) | 939,873 |
| Benefit payments | (285,922) | (1,376,822) | (1,782,208) |
| Implicit rate subsidies | (1,920,313) | - | - |
| Net change in total OPEB liability | <u>6,875,674</u> | <u>(2,027,429)</u> | <u>8,032,110</u> |
| Beginning of year | <u>67,888,829</u> | <u>74,764,503</u> | <u>72,737,074</u> |
| End of year | <u>\$ 74,764,503</u> | <u>\$ 72,737,074</u> | <u>\$ 80,769,184</u> |
| Plan Fiduciary Net Pension (FNP) | | | |
| Employer contributions | \$ - | \$ 3,376,822 | \$ 1,782,208 |
| Net investment income | 1,272,204 | - | - |
| Projected earnings on fiduciary net position | - | 773,287 | 863,995 |
| Net difference between projected and actual earnings | - | 313,862 | 1,059,510 |
| Benefit payments | - | (1,376,822) | (1,782,208) |
| Administrative expense | - | (69,058) | (73,760) |
| Net change in plan fiduciary net position | <u>1,272,204</u> | <u>3,018,091</u> | <u>1,849,745</u> |
| Beginning of year | <u>14,946,492</u> | <u>16,218,695</u> | <u>19,236,786</u> |
| End of year | <u>\$ 16,218,696</u> | <u>\$ 19,236,786</u> | <u>\$ 21,086,531</u> |
| Net OPEB liability | <u>\$ 58,545,807</u> | <u>\$ 53,500,288</u> | <u>\$ 59,682,653</u> |
| Plan FNP as a percentage of the total OPEB liability | 21.69% | 26.45% | 26.11% |
| Covered-employee payroll | \$ 363,751,046 | \$ 360,122,986 | \$ 372,727,291 |
| Net OPEB liability as a percentage of covered-employee payroll | 16.10% | 14.86% | 16.01% |

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

| June 30, 2020 | June 30, 2021 | June 30, 2022 | June 30, 2023 |
|----------------------|----------------------|----------------------|----------------------|
| \$ 4,623,805 | \$ 5,213,029 | \$ 5,296,029 | \$ 4,436,196 |
| 1,939,402 | 1,886,130 | 1,592,231 | 2,618,749 |
| (15,311,149) | (1,045,632) | 347,613 | (990,401) |
| (10,786,001) | 1,972,160 | (14,247,617) | (205,995) |
| (1,100,265) | (618,046) | (1,393,726) | (941,929) |
| - | - | - | - |
| <u>(20,634,208)</u> | <u>7,407,641</u> | <u>(8,405,470)</u> | <u>4,916,620</u> |
| 80,769,184 | 60,134,976 | 67,542,617 | 59,137,147 |
| <u>\$ 60,134,976</u> | <u>\$ 67,542,617</u> | <u>\$ 59,137,147</u> | <u>\$ 64,053,767</u> |
| \$ 1,100,265 | \$ 618,046 | \$ 1,393,726 | \$ 941,929 |
| - | - | - | - |
| 947,116 | 977,564 | 1,190,606 | 1,031,227 |
| (188,054) | 3,845,709 | (4,644,817) | 556,798 |
| (1,100,265) | (618,046) | (1,393,726) | (941,929) |
| (79,035) | (85,809) | (92,205) | (82,911) |
| <u>680,027</u> | <u>4,737,464</u> | <u>(3,546,416)</u> | <u>1,505,114</u> |
| 21,086,531 | 21,766,558 | 26,504,022 | 22,957,606 |
| <u>\$ 21,766,558</u> | <u>\$ 26,504,022</u> | <u>\$ 22,957,606</u> | <u>\$ 24,462,720</u> |
| <u>\$ 38,368,418</u> | <u>\$ 41,038,595</u> | <u>\$ 36,179,541</u> | <u>\$ 39,591,047</u> |
| 36.20% | 39.24% | 38.82% | 38.19% |
| \$ 331,585,577 | \$ 371,887,319 | \$ 363,821,219 | \$ 371,750,040 |
| 11.57% | 11.04% | 9.94% | 10.65% |

**Minneapolis Public Schools
Special School District No. 1
Schedule of Employer Contributions - OPEB**

| | <u>June 30, 2017</u> | <u>June 30, 2018</u> | <u>June 30, 2019</u> | <u>June 30, 2020</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Actuarially determined contribution | \$ 8,990,196 | \$ 1,251,751 | \$ 1,778,462 | \$ 1,037,462 |
| Contributions in relation to the actuarially determined contribution | <u>2,356,085</u> | <u>3,376,822</u> | <u>1,782,208</u> | <u>1,100,265</u> |
| Contribution deficiency (excess) | <u>\$ 6,634,111</u> | <u>\$ (2,125,071)</u> | <u>\$ (3,746)</u> | <u>\$ (62,803)</u> |
| Covered-employee payroll | <u>\$ 363,751,046</u> | <u>\$ 360,122,986</u> | <u>\$ 372,727,291</u> | <u>\$ 331,585,577</u> |
| Contributions as a percentage of covered-employee payroll | 0.65% | 0.94% | 0.48% | 0.33% |

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

| <u>June 30, 2021</u> | <u>June 30, 2022</u> | <u>June 30, 2023</u> |
|-----------------------|-----------------------|-----------------------|
| \$ 618,046 | \$ 1,393,726 | \$ 941,929 |
| <u>618,046</u> | <u>1,393,726</u> | <u>941,929</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>\$ 371,887,319</u> | <u>\$ 363,821,219</u> | <u>\$ 371,750,040</u> |
| 0.17% | 0.38% | 0.25% |

**Minneapolis Public Schools
Special School District No. 1
Schedule of Investment Returns**

| | <u>June 30, 2017</u> | <u>June 30, 2018</u> | <u>June 30, 2019</u> | <u>June 30, 2020</u> | <u>June 30, 2021</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Annual money-weighted rate of return, net of investment expense | 8.97% | 6.72% | 10.02% | 3.61% | 22.20% |

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

| <u>June 30, 2022</u> | <u>June 30, 2023</u> |
|----------------------|----------------------|
|----------------------|----------------------|

| | |
|---------|-------|
| -13.05% | 6.93% |
|---------|-------|

**Minneapolis Public Schools
Special School District No. 1
Schedule of District's and Non-Employer Proportionate Share
of Net Pension Liability - General Employees Retirement Fund
Last Ten Years***

| For Fiscal Year Ended June 30, | District's Proportion of the Net Pension Liability (Asset) | District's Proportionate Share of the Net Pension Liability (Asset) | District's Proportionate Share of State of Minnesota's Proportionate Share of the Net Pension Liability | District's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension of Liability | District's Covered Payroll | District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|--------------------------------------|---|---|---|---|-------------------------------|--|--|
| 2014 | 1.9676% | \$ 92,427,990 | \$ - | \$ 92,427,990 | \$ 103,293,324 | 89.5% | 78.7% |
| 2015 | 3.5536% | 184,165,995 | - | 184,165,995 | 110,161,680 | 167.2% | 78.2% |
| 2016 | 3.3730% | 273,870,870 | 3,577,010 | 277,447,880 | 114,079,707 | 240.1% | 78.8% |
| 2017 | 2.8326% | 180,831,314 | 2,273,787 | 183,105,101 | 87,249,667 | 207.3% | 75.9% |
| 2018 | 2.6337% | 146,106,878 | 4,792,584 | 150,899,462 | 81,788,760 | 178.6% | 79.5% |
| 2019 | 2.9200% | 161,440,259 | 5,017,615 | 166,457,874 | 111,419,373 | 144.9% | 80.2% |
| 2020 | 2.4981% | 149,772,511 | 4,618,393 | 154,390,904 | 82,920,813 | 180.6% | 79.1% |
| 2021 | 2.3872% | 101,944,135 | 3,113,163 | 105,057,298 | 76,839,200 | 132.7% | 87.0% |
| 2022 | 2.3694% | 187,657,262 | 5,501,631 | 193,158,893 | 82,241,773 | 228.2% | 76.7% |

Note: Schedule is intended to show ten year trend. Additional years will be displayed as they become available.

**Schedule of District's and Non-Employer Proportionate Share
of Net Pension Liability - TRA Retirement Fund
Last Ten Years***

| For Fiscal Year Ended June 30, | District's Proportion of the Net Pension Liability (Asset) | District's Proportionate Share of the Net Pension Liability (Asset) | District's Proportionate Share of State of Minnesota's Proportionate Share of the Net Pension Liability | District's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension of Liability | District's Covered Payroll | District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|--------------------------------------|---|---|---|---|-------------------------------|--|--|
| 2014 | 8.6534% | \$ 398,742,430 | \$ 25,768,509 | \$ 424,510,939 | \$ 238,717,909 | 167.0% | 81.5% |
| 2015 | 8.1323% | 503,063,183 | 57,223,106 | 560,286,289 | 257,683,734 | 195.2% | 76.8% |
| 2016 | 9.1760% | 2,188,694,939 | 192,864,529 | 2,394,574,710 | 301,171,984 | 726.7% | 44.9% |
| 2017 | 8.3442% | 1,665,653,683 | 150,258,878 | 1,815,912,561 | 282,186,562 | 590.3% | 51.6% |
| 2018 | 7.8961% | 495,950,319 | 43,395,549 | 539,345,868 | 273,509,336 | 181.3% | 78.1% |
| 2019 | 7.3196% | 466,552,841 | 38,392,377 | 504,945,218 | 262,426,079 | 177.8% | 78.2% |
| 2020 | 7.1483% | 528,125,983 | 41,243,603 | 569,369,586 | 265,187,388 | 199.2% | 75.5% |
| 2021 | 6.8341% | 299,080,650 | 23,520,205 | 322,600,855 | 259,255,930 | 115.4% | 86.6% |
| 2022 | 6.7726% | 542,313,981 | 37,625,433 | 579,939,414 | 272,653,965 | 198.9% | 76.2% |

The District's Proportion and Proportionate Share of the Net Pension Liability include the percentage and amount under a special funding situation.

Note: Schedule is intended to show ten year trend. Additional years will be displayed as they become available

**Minneapolis Public Schools
Special School District No. 1
Schedule of District Contributions
General Employees Retirement Fund
Last Ten Years***

| Fiscal Year Ending June 30, | Statutorily Required Contribution | Contributions in Relation to the Statutorily Required Contributions | Contribution Deficiency (Excess) | District's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|--------------------------------|---|---|--|-------------------------------|--|
| 2014 | \$ 7,488,766 | \$ 7,488,766 | \$ - | \$ 103,293,324 | 7.25% |
| 2015 | 8,262,126 | 8,262,126 | - | 110,161,680 | 7.50% |
| 2016 | 8,555,978 | 8,555,978 | - | 114,079,707 | 7.50% |
| 2017 | 6,543,725 | 6,543,725 | - | 87,249,667 | 7.50% |
| 2018 | 6,134,157 | 6,134,157 | - | 81,788,760 | 7.50% |
| 2019 | 8,356,453 | 8,356,453 | - | 111,419,373 | 7.50% |
| 2020 | 6,219,061 | 6,219,061 | - | 82,920,813 | 7.50% |
| 2021 | 5,762,940 | 5,762,940 | - | 76,839,200 | 7.50% |
| 2022 | 6,168,133 | 6,168,133 | - | 82,241,773 | 7.50% |
| 2023 | 6,680,127 | 6,680,127 | - | 89,068,360 | 7.50% |

In addition to these contributions, the District made an annual contribution of \$ 7,142,400 under a special funding situation for fiscal year 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023.

**Schedule of District Contributions
TRA Retirement Fund
Last Ten Years***

| Fiscal Year Ending June 30, | Statutorily Required Contribution | Contributions in Relation to the Statutorily Required Contributions | Contribution Deficiency (Excess) | District's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|--------------------------------|---|---|--|-------------------------------|--|
| 2014 | \$ 25,399,585 | \$ 25,399,585 | \$ - | \$ 228,003,456 | 11.14% |
| 2015 | 28,705,968 | 28,705,968 | - | 257,683,734 | 11.14% |
| 2016 | 33,550,559 | 33,550,559 | - | 301,171,984 | 11.14% |
| 2017 | 31,435,583 | 31,435,583 | - | 282,186,562 | 11.14% |
| 2018 | 30,468,940 | 30,468,940 | - | 273,509,336 | 11.14% |
| 2019 | 29,785,360 | 29,785,360 | - | 262,426,079 | 11.35% |
| 2020 | 30,655,662 | 30,655,662 | - | 265,187,388 | 11.56% |
| 2021 | 30,514,423 | 30,514,423 | - | 259,255,930 | 11.77% |
| 2022 | 32,663,945 | 32,663,945 | - | 272,653,965 | 11.98% |
| 2023 | 33,947,583 | 33,947,583 | - | 278,487,145 | 12.19% |

In addition to these contributions, the District makes an annual contribution of \$ 2,250,000 under a special funding situation.

**Minneapolis Public Schools
Special School District No. 1
Notes to the Required Supplementary Information**

TRA Retirement Funds

2022 Changes

Changes in Actuarial Assumptions

- None

2021 Changes

Changes in Actuarial Assumptions

- The investment return assumption was changed from 7.5% to 7.0%.

2020 Changes

Changes in Actuarial Assumptions

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

2019 Changes

Changes in Actuarial Assumptions

- None

2018 Changes

Changes in Actuarial Assumptions

- The discount rate was increased to 7.5% from 5.12%.
- The cost of living adjustment (COLA) was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% 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 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019, and ending July 1, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to 0.0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers was reduced from 8.5% to 7.5%, effective July 1, 2018.

**Minneapolis Public Schools
Special School District No. 1
Notes to the Required Supplementary Information**

TRA Retirement Funds (Continued)

2018 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- The employer contribution rate is increased each July 1 over the next six years (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2017 Changes

Changes in Actuarial Assumptions

- The discount rate was increased to 5.12% from 4.66%
- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- The COLA was not assumed to increase to 2.5% but remain at 2.0% for all future years.
- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the non-vested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 2.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for ten years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

2016 Changes

Changes in Actuarial Assumptions

- The discount rate was decreased to 4.66% from 8.0%.
- The COLA was not assumed to increase for funding or the GASB calculation. It remained at 2% for all future years.
- The price inflation assumption was lowered from 3% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes as some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP 2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP 2015 scale.
- The post-retirement mortality assumption was changed to the RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP 2015 scale.
- The post-disability mortality assumption was changed to the RP 2014 disabled retiree mortality table, without adjustment.

**Minneapolis Public Schools
Special School District No. 1
Notes to the Required Supplementary Information**

TRA Retirement Funds (Continued)

2016 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- Separate retirement assumptions for members hired before or after July 1, 1989, were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional form of annuity payment at retirement were made.

2015 Changes

Changes of Benefit Terms

- The DTRFA was merged into TRA on June 30, 2015.

Changes in Actuarial Assumptions

- The annual COLA for the June 30, 2015, valuation assumed 2%. The prior year valuation used 2% with an increase to 2.5% commencing in 2034. The discount rate used to measure the total pension liability was 8.0%. This is a decrease from the discount rate at the prior measurement date of 8.25%.

**Minneapolis Public Schools
Special School District No. 1
Notes to the Required Supplementary Information**

General Employees Fund

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- 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 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

**Minneapolis Public Schools
Special School District No. 1
Notes to the Required Supplementary Information**

General Employees Fund (Continued)

2020 Changes (Continued)

Changes in Plan Provisions

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

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from \$31 million to \$21 million per year. The State's special funding contribution was changes prospectively, requiring \$16 million due per year through 2031.

2018 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.0% to 3.0%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.0%, 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 1.0% per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age. Does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

**Minneapolis Public Schools
Special School District No. 1
Notes to the Required Supplementary Information**

General Employees Fund (Continued)

2017 Changes (Continued)

Changes in Plan Provisions

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

2016 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, the inflation was decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

Changes in Plan Provisions

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

**Minneapolis Public Schools
Special School District No. 1
Notes to the Required Supplementary Information**

Post Employment Health Care Plan

2022 Changes

Changes in Actuarial Assumptions

- Discount rate was increased from 4.15% to 4.19%.

2021 Changes

Changes in Actuarial Assumptions

- Discount rate was increased from 2.53% to 4.15%.
- Per-capita costs were updated to reflect experience since the previous valuation.
- Medical Trend rates were shifted to maintain the same immediate rate of 8.00%.

2020 Changes

Changes in Actuarial Assumptions

- Discount rate was decreased from 2.90% to 2.53%.

2019 Changes

Changes in Actuarial Assumptions

- Discount rate was decreased from 3.46% to 2.90%.
- Annual wage increase rate was decreased from 3.50% to 3.00%.
- Loads on healthcare trend were removed due to the repeal of the so-call "Cadillac Tax".
- Per-capita costs were updated to reflect experience since the previous valuation, including increase in morbidity assumption from 3.00% to 4.00%.
- Future retiree plan election was updated for Plan 1, Plan 2, and Plan 3 from 75%, 23%, 2% to 50%, 40%, 10%, respectively.
- Mortality improvement scale was updated from MP-2015 to MP-2018 for all groups except Teachers and Principals.

2018 Changes

Changes in Actuarial Assumptions

- Discount rate was decreased from 3.60% to 3.46%.

SUPPLEMENTARY INFORMATION

**Minneapolis Public Schools
Special School District No. 1
Combining Balance Sheet -
Nonmajor Governmental Funds
June 30, 2023**

| | Special Revenue | | | Debt Service | |
|--|---------------------|----------------------|----------------------|---------------------------------------|----------------------|
| | Food Service | Community Service | Total | Post Employment Benefits Debt Service | Total Nonmajor Funds |
| Assets | | | | | |
| Cash and investments | \$ - | \$ 7,011,091 | \$ 7,011,091 | \$ - | \$ 7,011,091 |
| Current property taxes receivable | - | 2,807,193 | 2,807,193 | - | 2,807,193 |
| Delinquent property taxes receivable | - | 31,807 | 31,807 | - | 31,807 |
| Accounts receivable | 11,559 | 2,122,818 | 2,134,377 | - | 2,134,377 |
| Due from Department of Education | - | 1,219,688 | 1,219,688 | - | 1,219,688 |
| Due from other Minnesota school districts | - | 165 | 165 | - | 165 |
| Due from Federal Government through Department of Education | 1,189,544 | - | 1,189,544 | - | 1,189,544 |
| Due from Federal Government received directly | - | 379,900 | 379,900 | - | 379,900 |
| Due from other governmental units | 85,330 | 109,797 | 195,127 | - | 195,127 |
| Inventory | 1,970,767 | - | 1,970,767 | - | 1,970,767 |
| | <u>\$ 3,257,200</u> | <u>\$ 13,682,459</u> | <u>\$ 16,939,659</u> | <u>\$ -</u> | <u>\$ 16,939,659</u> |
| Liabilities | | | | | |
| Accounts payable | \$ 360,645 | \$ 253,105 | \$ 613,750 | \$ - | \$ 613,750 |
| Salaries and benefits payable | - | 1,940 | 1,940 | - | 1,940 |
| Due to other funds | 508,265 | - | 508,265 | - | 508,265 |
| Due to other governmental units | 3,595 | - | 3,595 | - | 3,595 |
| Deferred revenue | 413,928 | 294,815 | 708,743 | - | 708,743 |
| Total liabilities | <u>1,286,433</u> | <u>549,860</u> | <u>1,836,293</u> | <u>-</u> | <u>1,836,293</u> |
| Deferred Inflows of Resources | | | | | |
| Property taxes levied for subsequent year's expenditures | - | 5,474,604 | 5,474,604 | - | 5,474,604 |
| Unavailable revenue - delinquent property taxes | - | 31,807 | 31,807 | - | 31,807 |
| Total deferred inflows of resources | <u>-</u> | <u>5,506,411</u> | <u>5,506,411</u> | <u>-</u> | <u>5,506,411</u> |
| Fund Balances | | | | | |
| Nonspendable | 1,970,767 | - | 1,970,767 | - | 1,970,767 |
| Restricted | | | | | |
| Restricted for other purposes | - | 2,541,257 | 2,541,257 | - | 2,541,257 |
| Community education programs | - | 1,814,399 | 1,814,399 | - | 1,814,399 |
| Adult basic education | - | 1,364,412 | 1,364,412 | - | 1,364,412 |
| Early childhood and family education programs | - | 664,466 | 664,466 | - | 664,466 |
| School readiness | - | 1,241,654 | 1,241,654 | - | 1,241,654 |
| Total fund balances | <u>1,970,767</u> | <u>7,626,188</u> | <u>9,596,955</u> | <u>-</u> | <u>9,596,955</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 3,257,200</u> | <u>\$ 13,682,459</u> | <u>\$ 16,939,659</u> | <u>\$ -</u> | <u>\$ 16,939,659</u> |

**Minneapolis Public Schools
Special School District No. 1
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended June 30, 2023**

| | Special Revenue Funds | | | Debt Service | Total Nonmajor Funds |
|---|-----------------------|----------------------|--------------|--|----------------------------|
| | Food Service | Community Service | Total | Post Employment Benefits Debt Service | |
| Revenues | | | | | |
| Local sources | | | | | |
| Local property taxes | \$ - | \$ 5,498,248 | \$ 5,498,248 | \$ - | \$ 5,498,248 |
| Earnings on investments | - | 432,392 | 432,392 | - | 432,392 |
| Other local and county revenues | 209,605 | 10,044,723 | 10,254,328 | - | 10,254,328 |
| Revenue from state sources | 668,514 | 13,357,759 | 14,026,273 | - | 14,026,273 |
| Revenue from federal sources | 15,335,906 | 6,273,364 | 21,609,270 | - | 21,609,270 |
| Sales and other conversion of assets | 1,795,069 | - | 1,795,069 | - | 1,795,069 |
| Total revenues | 18,009,094 | 35,606,486 | 53,615,580 | - | 53,615,580 |
| Expenditures | | | | | |
| Current | | | | | |
| Food service | 23,676,472 | - | 23,676,472 | - | 23,676,472 |
| Community education and services | - | 33,121,895 | 33,121,895 | - | 33,121,895 |
| Capital outlay | | | | | |
| Food service | 228,316 | - | 228,316 | - | 228,316 |
| Debt service | | | | | |
| Principal | - | 26,360 | 26,360 | - | 26,360 |
| Interest and fiscal charges | - | 4,409 | 4,409 | - | 4,409 |
| Total expenditures | 23,904,788 | 33,152,664 | 57,057,452 | - | 57,057,452 |
| Excess of revenues over (under) expenditures | (5,895,694) | 2,453,822 | (3,441,872) | - | (3,441,872) |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | 6,481,205 | - | 6,481,205 | - | 6,481,205 |
| Net change in fund balances | 585,511 | 2,453,822 | 3,039,333 | - | 3,039,333 |
| Fund Balances | | | | | |
| Beginning of year, restated | 1,385,256 | 5,172,366 | 6,557,622 | - | 6,557,622 |
| End of year | \$ 1,970,767 | \$ 7,626,188 | \$ 9,596,955 | \$ - | \$ 9,596,955 |

**Minneapolis Public Schools
Special School District No. 1
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Food Service Special Revenue Fund
Year Ended June 30, 2023**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Over (Under) |
|--|-----------------------|-----------------------|---------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Local sources | | | | |
| Other local and county revenues | \$ 165,000 | \$ 165,000 | \$ 209,605 | \$ 44,605 |
| Revenue from state sources | 435,000 | 435,000 | 668,514 | 233,514 |
| Revenue from federal sources | 22,465,120 | 16,370,000 | 15,335,906 | (1,034,094) |
| Sales and other conversion of assets | 1,945,000 | 1,945,000 | 1,795,069 | (149,931) |
| Total revenues | <u>25,010,120</u> | <u>18,915,000</u> | <u>18,009,094</u> | <u>(905,906)</u> |
| Expenditures | | | | |
| Current | | | | |
| Food service | 26,460,120 | 20,335,000 | 23,676,472 | 3,341,472 |
| Capital outlay | | | | |
| Food service | 250,000 | 280,000 | 228,316 | (51,684) |
| Total expenditures | <u>26,710,120</u> | <u>20,615,000</u> | <u>23,904,788</u> | <u>3,289,788</u> |
| Excess of revenues under expenditures | <u>\$ (1,700,000)</u> | <u>\$ (1,700,000)</u> | (5,895,694) | <u>\$ (4,195,694)</u> |
| Fund Balance | | | | |
| Beginning of year | | | <u>1,385,256</u> | |
| End of year | | | <u>\$ 1,970,767</u> | |

**Minneapolis Public Schools
Special School District No. 1
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Community Service Special Revenue Fund
Year Ended June 30, 2023**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Over (Under) |
|---|-----------------------|-----------------------|---------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Local sources | | | | |
| Local property taxes | \$ 5,501,421 | \$ 5,501,421 | \$ 5,498,248 | \$ (3,173) |
| Earnings on investments | - | - | 432,392 | 432,392 |
| Other local and county revenues | 13,271,746 | 11,488,801 | 10,044,723 | (1,444,078) |
| Revenue from state sources | 11,313,475 | 13,096,420 | 13,357,759 | 261,339 |
| Revenue from federal sources | 6,881,377 | 6,881,377 | 6,273,364 | (608,013) |
| Total revenues | <u>36,968,019</u> | <u>36,968,019</u> | <u>35,606,486</u> | <u>(1,361,533)</u> |
| Expenditures | | | | |
| Current | | | | |
| Community education and services | 38,180,741 | 38,180,741 | 33,121,895 | (5,058,846) |
| Capital outlay | | | | |
| Community education and services | 28,660 | 28,660 | - | (28,660) |
| Total expenditures | <u>38,209,401</u> | <u>38,209,401</u> | <u>33,152,664</u> | <u>(5,056,737)</u> |
| Excess of revenues over (under) expenditures | <u>\$ (1,241,382)</u> | <u>\$ (1,241,382)</u> | 2,453,822 | <u>\$ 3,695,204</u> |
| Fund Balance | | | | |
| Beginning of year | | | 5,172,366 | |
| End of year | | | <u>\$ 7,626,188</u> | |

**Minneapolis Public Schools
Special School District No. 1
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Debt Service Fund
Year Ended June 30, 2023**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Over (Under) |
|---|-------------------|-------------------|----------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Local sources | | | | |
| Local property taxes | \$ 91,134,710 | \$ 91,134,710 | \$ 90,341,021 | \$ (793,689) |
| Earnings on investments | - | - | 876,966 | 876,966 |
| Revenue from state sources | - | - | 11,272,553 | 11,272,553 |
| Revenue from federal sources | - | - | 148,856 | 148,856 |
| Total revenues | <u>91,134,710</u> | <u>91,134,710</u> | <u>102,639,396</u> | <u>11,504,686</u> |
| Expenditures | | | | |
| Debt service | | | | |
| Principal | - | - | 64,825,000 | 64,825,000 |
| Interest and fiscal charges | 91,134,710 | 91,134,710 | 34,616,348 | (56,518,362) |
| Total expenditures | <u>91,134,710</u> | <u>91,134,710</u> | <u>99,441,348</u> | <u>8,306,638</u> |
| Excess of revenues over (under) expenditures | - | - | 3,198,048 | 3,198,048 |
| Other financing sources (uses) | | | | |
| Bond issuance | - | - | 70,643,931 | 70,643,931 |
| Payment to refunded bond escrow agent | - | - | (70,830,000) | (70,830,000) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(186,069)</u> | <u>(186,069)</u> |
| Net change in fund balances | <u>\$ -</u> | <u>\$ -</u> | 3,011,979 | <u>\$ 3,011,979</u> |
| Fund Balance | | | | |
| Beginning of year | | | <u>40,197,035</u> | |
| End of year | | | <u>\$ 43,209,014</u> | |

**Minneapolis Public Schools
Special School District No. 1
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Capital Project - Building Construction
Year Ended June 30, 2023**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Over (Under) |
|---|------------------------|------------------------|-----------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Local sources | | | | |
| Earnings on investments | \$ - | \$ - | \$ 10,799,107 | \$ 10,799,107 |
| Total revenues | <u>-</u> | <u>-</u> | <u>10,799,107</u> | <u>10,799,107</u> |
| Expenditures | | | | |
| Current | | | | |
| Sites and buildings | 35,807,875 | 36,682,875 | 37,893,333 | 1,210,458 |
| Capital outlay | | | | |
| Sites and buildings | 94,192,125 | 105,317,125 | 56,479,954 | (48,837,171) |
| Debt service | | | | |
| Principal | - | - | 1,931,958 | 1,931,958 |
| Interest and fiscal charges | - | - | 526,496 | 526,496 |
| Total expenditures | <u>130,000,000</u> | <u>142,000,000</u> | <u>96,831,741</u> | <u>(45,168,259)</u> |
| Excess of revenues over (under) expenditures | (130,000,000) | (142,000,000) | (86,032,634) | 55,967,366 |
| Other Financing Sources (uses) | | | | |
| Bond issuance | 64,198,898 | 76,198,898 | 58,750,000 | (17,448,898) |
| Bond premium | - | - | 5,730,268 | 5,730,268 |
| Proceeds from capital leases | - | - | 814,122 | 814,122 |
| Total other financing sources (uses) | <u>64,198,898</u> | <u>76,198,898</u> | <u>65,294,390</u> | <u>(10,904,508)</u> |
| Net change in fund balance | <u>\$ (65,801,102)</u> | <u>\$ (65,801,102)</u> | (20,738,244) | <u>\$ 45,062,858</u> |
| Fund Balance | | | | |
| Beginning of year | | | <u>249,711,992</u> | |
| End of year | | | <u>\$ 228,973,748</u> | |

Minneapolis Public Schools
Special School District No. 1
Uniform Financial Accounting and Reporting Standards
Compliance Table
Year Ended June 30, 2023

| | Audit | UFARS | Audit-UFARS | | Audit | UFARS | Audit-UFARS |
|---|---------------|---------------|-------------|---|---------------|---------------|-------------|
| 01 GENERAL FUND | | | | 06 BUILDING CONSTRUCTION FUND | | | |
| Total revenue | \$629,681,176 | \$629,681,176 | \$ - | Total revenue | \$ 10,799,107 | \$ 10,799,108 | \$ (1) |
| Total expenditures | 640,898,978 | 640,898,974 | 4 | Total expenditures | 96,831,741 | 96,831,742 | (1) |
| <i>Nonspendable:</i> | | | | <i>Nonspendable:</i> | | | |
| 4.60 Nonspendable fund balance | 5,957,921 | 5,957,921 | - | 4.60 Nonspendable fund balance | 942,362 | 942,362 | - |
| <i>Restricted/reserved:</i> | | | | <i>Restricted/reserved:</i> | | | |
| 4.01 Student Activities | 543,356 | 543,356 | - | 4.07 Capital Projects Levy | - | - | - |
| 4.02 Scholarships | - | - | - | 4.13 Building Projects Funded by COP/LP | - | - | - |
| 4.03 Staff Development | - | - | - | 4.67 Long-term Facilities Maintenance | 102,581,660 | 102,581,660 | - |
| 4.05 Deferred Maintenance | - | - | - | <i>Restricted:</i> | | | |
| 4.07 Capital Projects Levy | - | - | - | 4.64 Restricted fund balance | 125,449,726 | 125,449,724 | 2 |
| 4.08 Cooperative Programs | - | - | - | <i>Unassigned:</i> | | | |
| 4.13 Building Projects Funded by COP/LP | - | - | - | 4.63 Unassigned fund balance | - | - | - |
| 4.14 Operating Debt | - | - | - | 07 DEBT SERVICE FUND | | | |
| 4.16 Levy Reduction | - | - | - | Total revenue | \$102,639,396 | \$102,639,396 | \$ - |
| 4.17 Taconite Building Maintenance | - | - | - | Total expenditures | 99,445,248 | 99,445,249 | (1) |
| 4.23 Certain Teacher Programs | - | - | - | <i>Nonspendable:</i> | | | |
| 4.24 Operating Capital | 12,572,197 | 12,572,197 | - | 4.60 Nonspendable fund balance | - | - | - |
| 4.26 \$25 Taconite | - | - | - | <i>Restricted/reserved:</i> | | | |
| 4.27 Disabled Accessibility | - | - | - | 4.25 Bond refundings | - | - | - |
| 4.28 Learning and Development | - | - | - | 4.33 Maximum effort loan aid | - | - | - |
| 4.34 Area Learning Center | - | - | - | 4.51 QZAB payments | 29,259,472 | 29,259,472 | - |
| 4.35 Contracted Alternative Programs | 966,181 | 966,181 | - | 4.67 LTFM | - | - | - |
| 4.36 State Approved Alternative Program | - | - | - | <i>Restricted:</i> | | | |
| 4.38 Gifted and Talented | 439,264 | 439,264 | - | 4.64 Restricted fund balance | 13,945,642 | 13,945,642 | - |
| 4.40 Teacher Development and Evaluation | - | - | - | <i>Unassigned:</i> | | | |
| 4.41 Basic Skills Programs | - | - | - | 4.63 Unassigned fund balance | - | - | - |
| 4.45 Career Technical Programs | - | - | - | 08 TRUST FUND | | | |
| 4.48 Achievement and Integration | - | - | - | Total revenue | \$ - | \$ - | \$ - |
| 4.49 Safe School Crime | - | - | - | Total expenditures | - | - | - |
| 4.51 QZAB and QSCB Payments | - | - | - | <i>Unassigned:</i> | | | |
| 4.52 OPEB Liabilities not Held in Trust | - | - | - | 4.01 Student Activities | - | - | - |
| 4.53 Unfunded Severance and Retirement Levy | - | - | - | 4.02 Scholarships | - | - | - |
| 4.59 Basic Skills Extended Time | 7,631,978 | 7,631,978 | - | 4.22 Net position | - | - | - |
| 4.67 Long-term Facilities Maintenance | - | - | - | 18 CUSTODIAL | | | |
| <i>Restricted:</i> | | | | Total revenue | \$ - | \$ - | \$ - |
| 4.72 Medical Assistance | - | - | - | Total expenditures | - | - | - |
| 4.64 Restricted fund balance | 233,781 | 233,781 | - | <i>Restricted/reserved:</i> | | | |
| 4.75 Title VII - Impact Aid | - | - | - | 4.01 Student Activities | - | - | - |
| 4.76 Payments in Lieu of Taxes | - | - | - | 4.02 Scholarships | - | - | - |
| <i>Committed:</i> | | | | 4.48 Achievement and Integration | - | - | - |
| 4.18 Committed for separation | - | - | - | 4.65 Restricted | - | - | - |
| 4.61 Committed | - | - | - | 20 INTERNAL SERVICE FUND | | | |
| <i>Assigned:</i> | | | | Total revenue | \$ 67,913,834 | \$ 67,913,833 | \$ 1 |
| 4.62 Assigned fund balance | 54,915,232 | 54,915,232 | - | Total expenditures | 65,202,187 | 65,202,186 | 1 |
| <i>Unassigned:</i> | | | | <i>Unassigned:</i> | | | |
| 4.22 Unassigned fund balance (net position) | 60,025,541 | 60,025,539 | 2 | 4.22 Net position | 39,342,621 | 39,342,618 | 3 |
| 02 FOOD SERVICE FUND | | | | 25 OPEB REVOCABLE TRUST | | | |
| Total revenue | \$ 18,009,094 | \$ 18,009,095 | \$ (1) | Total revenue | \$ - | \$ - | \$ - |
| Total expenditures | 23,904,788 | 23,904,788 | - | Total expenditures | - | - | - |
| <i>Nonspendable:</i> | | | | <i>Unassigned:</i> | | | |
| 4.60 Nonspendable fund balance | 1,970,767 | 1,970,767 | - | 4.22 Net position | - | - | - |
| <i>Restricted/reserved:</i> | | | | 45 OPEB IRREVOCABLE TRUST | | | |
| 4.52 OPEB liabilities not held in trust | - | - | - | Total revenue | \$ 1,505,114 | \$ 1,505,114 | \$ - |
| <i>Restricted:</i> | | | | Total expenditures | - | - | - |
| 4.64 Restricted fund balance | - | - | - | <i>Unassigned:</i> | | | |
| <i>Unassigned:</i> | | | | 4.22 Net position | 24,462,720 | 24,462,719 | 1 |
| 4.63 Unassigned fund balance | - | - | - | 47 OPEB DEBT SERVICE | | | |
| 04 COMMUNITY SERVICE FUND | | | | Total revenue | \$ - | \$ - | \$ - |
| Total revenue | \$ 35,606,486 | \$ 35,606,487 | \$ (1) | Total expenditures | - | - | - |
| Total expenditures | 33,152,664 | 33,152,669 | (5) | <i>Nonspendable:</i> | | | |
| <i>Nonspendable:</i> | | | | 4.60 Nonspendable fund balance | - | - | - |
| 4.60 Nonspendable fund balance | - | - | - | <i>Restricted:</i> | | | |
| <i>Restricted/reserved:</i> | | | | 4.25 Bond refundings | - | - | - |
| 4.26 \$25 Taconite | - | - | - | 4.64 Restricted fund balance | - | - | - |
| 4.31 Community Education | 1,814,399 | 1,814,399 | - | <i>Unassigned:</i> | | | |
| 4.32 ECFE | 664,466 | 664,466 | - | 4.63 Unassigned fund balance | - | - | - |
| 4.40 Teacher Development and Evaluation | - | - | - | 04 COMMUNITY SERVICE FUND | | | |
| 4.44 School Readiness | 1,241,654 | 1,241,654 | - | Total revenue | \$ 35,606,486 | \$ 35,606,487 | \$ (1) |
| 4.47 Adult Basic Education | 1,364,412 | 1,364,412 | - | Total expenditures | 33,152,664 | 33,152,669 | (5) |
| 4.52 OPEB Liabilities not Held in trust | - | - | - | <i>Nonspendable:</i> | | | |
| <i>Restricted:</i> | | | | 4.60 Nonspendable fund balance | - | - | - |
| 4.64 Restricted fund balance | 2,541,257 | 2,541,255 | 2 | <i>Restricted:</i> | | | |
| <i>Unassigned:</i> | | | | 4.25 Bond refundings | - | - | - |
| 4.63 Unassigned fund balance | - | - | - | 4.64 Restricted fund balance | - | - | - |

STATISTICAL SECTION

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**Minneapolis Public Schools
Special School District No. 1
Statistical Section (Unaudited)**

III. Statistical Section (Unaudited)

This part of Special School District No. 1's annual comprehensive financial report presents detailed information as a context for understanding what the information in the basic financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

| <u>Contents</u> | <u>Page</u> |
|--|--------------------|
| Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time. | 118 |
| Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax. | 134 |
| Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future. | 142 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. | 150 |
| Operating Information 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. | 154 |

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

**Minneapolis Public Schools
Special School District No. 1
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

| | Fiscal Years | | | |
|----------------------------------|-----------------------|-------------------------|-------------------------|-------------------------|
| | 2014 | 2015 | 2016 | 2017 |
| Governmental activities | | | | |
| Net investment in capital assets | \$ 153,702,908 | \$ 158,432,953 | \$ 163,600,431 | \$ 149,160,083 |
| Restricted | 35,800,506 | 27,255,199 | 20,331,931 | 35,723,782 |
| Unrestricted | 77,155,040 | (526,252,170) | (552,605,238) | (870,333,620) |
| | <u>\$ 266,658,454</u> | <u>\$ (340,564,018)</u> | <u>\$ (368,672,876)</u> | <u>\$ (685,449,755)</u> |

Note 1: The District implemented GASB Statement No. 65 in fiscal 2014. The District reported a change in accounting principle as a result of implementing this standard that decreased unrestricted net position by approximately \$3.8 million.

Note 2: 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 \$622.0 million.

Note 3: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2018. The District reported a change in accounting principle as a result of implementing these standards that decreased unrestricted net position by approximately \$35.8 million.

Note 4: The District implemented GASB Statement No. 84 in fiscal 2020. The District reported a change in accounting principle as a result of implementing these standards that increased unrestricted net position by approximately \$696 thousand.

Note 5: The District reported a prior period adjustment in fiscal 2021, increasing unrestricted net position by approximately \$14.0 million. Prior fiscal years were not adjusted to reflect the impact of this adjustment.

Fiscal Years

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| \$ 159,397,295 | \$ 154,921,449 | \$ 152,437,418 | \$ 167,231,208 | \$ 180,023,633 | \$ 205,481,189 |
| 35,798,200 | 39,223,672 | 47,574,870 | 54,965,174 | 50,733,450 | 60,900,783 |
| <u>(1,196,502,668)</u> | <u>(963,390,821)</u> | <u>(965,866,372)</u> | <u>(945,402,805)</u> | <u>(862,696,210)</u> | <u>(631,839,604)</u> |
| <u>\$ (1,001,307,173)</u> | <u>\$ (769,245,700)</u> | <u>\$ (765,854,084)</u> | <u>\$ (723,206,423)</u> | <u>\$ (631,939,127)</u> | <u>\$ (365,457,632)</u> |

**Minneapolis Public Schools
Special School District No. 1
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

| | Fiscal Year | | | |
|---|----------------------|-------------------------|------------------------|-------------------------|
| | 2014 | 2015 | 2016 | 2017 |
| Expenses | | | | |
| Governmental activities | | | | |
| Administration | \$ 13,473,342 | \$ 14,463,532 | \$ 18,298,352 | \$ 29,036,288 |
| District support services | 26,716,274 | 30,330,583 | 26,864,475 | 22,972,094 |
| Elementary and secondary regular instruction | 273,343,235 | 278,074,269 | 304,864,660 | 494,078,827 |
| Vocational education instruction | 4,082,943 | 3,989,570 | 4,191,742 | 6,788,131 |
| Special education instruction | 114,726,330 | 112,253,986 | 128,294,358 | 185,485,643 |
| Instructional support services | 40,284,398 | 46,257,355 | 56,903,247 | 90,336,077 |
| Pupil support services | 55,251,902 | 63,653,294 | 70,333,762 | 87,780,289 |
| Sites and buildings | 54,080,348 | 65,034,547 | 61,837,606 | 82,267,082 |
| Fiscal and other fixed cost programs | 566,697 | 567,196 | 585,971 | 559,310 |
| Food service | 19,148,563 | 19,370,135 | 22,736,775 | 23,606,809 |
| Community service | 24,683,707 | 24,319,959 | 28,205,073 | 36,961,573 |
| Interest and fiscal charges | 11,840,927 | 15,789,065 | 16,485,498 | 20,999,111 |
| Total governmental activities expenses | <u>638,198,666</u> | <u>674,103,491</u> | <u>739,601,519</u> | <u>1,080,871,234</u> |
| Program revenues | | | | |
| Governmental activities | | | | |
| Charges for services | | | | |
| Food service | 1,810,195 | 2,004,093 | 2,348,480 | 2,048,694 |
| Community service | 7,285,021 | 7,673,821 | 7,931,383 | 8,190,904 |
| All other | 6,830,418 | 6,772,061 | 7,412,017 | 6,965,141 |
| Operating grants and contributions | 131,683,565 | 138,133,051 | 155,997,379 | 156,341,813 |
| Capital grants and contributions | 11,000,000 | 11,000,000 | 11,000,000 | 10,733,375 |
| Total governmental activities program revenues | <u>158,609,199</u> | <u>165,583,026</u> | <u>184,689,259</u> | <u>184,279,927</u> |
| Net (expense) revenue | (479,589,467) | (508,520,465) | (554,912,260) | (896,591,307) |
| General revenues and other changes in net position | | | | |
| Taxes | | | | |
| Property taxes, levied for general purposes | 77,578,097 | 107,272,419 | 116,393,510 | 117,353,242 |
| Property taxes, levied for capital projects | 4,971,017 | 8,327,570 | 82,169 | - |
| Property taxes, levied for community service | 2,406,822 | 5,020,422 | 5,142,659 | 5,676,054 |
| Property taxes, levied for debt service | 62,025,199 | 51,197,512 | 57,175,506 | 62,926,501 |
| Unrestricted grants and contributions | 338,222,498 | 337,642,221 | 336,893,500 | 353,255,021 |
| Other general revenues | 9,349,579 | 12,335,707 | 8,302,254 | 11,189,340 |
| Investment earnings | 912,544 | 1,489,607 | 2,843,804 | 1,421,895 |
| Total general revenues and other changes in net position | <u>495,465,756</u> | <u>523,285,458</u> | <u>526,833,402</u> | <u>551,822,053</u> |
| Change in net position | <u>15,876,289</u> | <u>14,764,993</u> | <u>(28,078,858)</u> | <u>(344,769,254)</u> |
| Prior period adjustment | - | - | - | - |
| Change in accounting principle | <u>(3,855,218)</u> | <u>(622,017,465)</u> | <u>-</u> | <u>-</u> |
| Total change in net position | <u>\$ 12,021,071</u> | <u>\$ (607,252,472)</u> | <u>\$ (28,078,858)</u> | <u>\$ (344,769,254)</u> |

Note The District implemented GASB Statement No. 65 in fiscal 2014. The District reported a change in accounting principle as a result of implementing this standard that decreased unrestricted net position by approximately \$3.8 million.

Note 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 \$622.0 million.

Note The District implemented GASB Statement Nos. 74 and 75 in fiscal 2018. The District reported a change in accounting principle as a result of implementing these standards that decreased unrestricted net position by approximately \$35.8 million.

Note The District implemented GASB Statement No. 84 in fiscal 2020. The District reported a change in accounting principle as a result of implementing these standards that increased unrestricted net position by approximately \$696 thousand.

Note The District reported a prior period adjustment in fiscal 2021, increasing unrestricted net position by approximately \$14.0 million. Prior fiscal years were not adjusted to reflect the impact of this adjustment.

Note The District implemented GASB Statement No. 96 in 2023, resulting in a change in accounting principle of \$2,160,573.

| Fiscal Year | | | | | |
|------------------|----------------|---------------|---------------|---------------|----------------|
| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| \$ 24,413,289 | \$ 5,475,381 | \$ 16,864,097 | \$ 17,003,242 | \$ 14,936,110 | \$ 8,361,982 |
| 30,190,752 | 27,778,362 | 19,824,078 | 24,318,391 | 48,857,105 | 38,720,471 |
| 461,472,662 | 123,939,300 | 309,850,944 | 280,150,136 | 251,618,186 | 130,065,948 |
| 6,528,984 | 1,742,583 | 5,068,728 | 5,089,516 | 5,013,209 | 2,618,812 |
| 170,696,488 | 57,885,398 | 118,877,734 | 122,202,296 | 103,577,983 | 66,293,506 |
| 66,244,175 | 29,676,916 | 45,584,282 | 41,490,014 | 40,278,990 | 32,408,488 |
| 80,939,128 | 56,404,314 | 73,028,360 | 63,131,018 | 78,666,331 | 83,573,060 |
| 77,919,006 | 96,270,486 | 87,021,218 | 90,552,655 | 69,871,966 | 96,246,230 |
| 594,641 | 688,012 | 932,903 | 6,275,779 | 1,221,175 | 1,401,602 |
| 22,597,860 | 22,948,092 | 22,816,700 | 18,174,647 | 24,410,001 | 24,193,934 |
| 37,364,970 | 27,107,793 | 31,916,490 | 26,261,083 | 27,517,183 | 27,843,092 |
| 23,770,907 | 25,003,650 | 25,816,996 | 25,999,423 | 27,457,019 | 26,534,105 |
| 1,002,732,862 | 474,920,287 | 757,602,530 | 720,648,200 | 693,425,258 | 538,261,230 |
| 1,809,691 | 2,694,907 | 2,144,670 | 187,554 | 588,874 | 1,795,016 |
| 8,652,521 | 9,248,182 | 6,531,527 | 2,656,536 | 5,882,782 | 9,404,450 |
| 5,917,604 | 6,034,017 | 6,589,276 | 5,758,440 | 5,045,316 | 6,177,552 |
| 180,608,137 | 175,750,568 | 174,224,653 | 202,953,369 | 256,492,930 | 248,294,318 |
| 11,198,000 | 11,110,000 | 11,000,000 | 11,000,000 | 11,000,000 | 11,000,000 |
| 208,185,953 | 204,837,674 | 200,490,126 | 222,555,899 | 279,009,902 | 276,671,336 |
| (794,546,909) | (270,082,613) | (557,112,404) | (498,092,301) | (414,415,356) | (261,589,894) |
| 123,108,189 | 113,975,914 | 151,288,101 | 144,175,066 | 140,428,013 | 141,257,137 |
| - | - | - | - | - | - |
| 5,536,744 | 5,202,393 | 5,483,503 | 5,530,668 | 5,409,069 | 5,494,669 |
| 65,124,099 | 82,407,024 | 80,690,817 | 84,154,604 | 80,263,492 | 90,306,485 |
| 316,909,702 | 287,017,586 | 311,877,276 | 292,899,839 | 279,405,692 | 271,576,778 |
| 701,551 | 13,158 | 18,765 | - | - | 32,105 |
| 3,148,581 | 13,528,011 | 10,449,655 | 754 | 176,386 | 17,243,642 |
| 514,528,866 | 502,144,086 | 559,808,117 | 526,760,931 | 505,682,652 | 525,910,816 |
| (280,018,043) | 232,061,473 | 2,695,713 | 28,668,630 | 91,267,296 | 264,320,922 |
| - | - | - | 13,979,031 | - | - |
| (35,839,375) | - | 695,903 | - | - | 2,160,573 |
| \$ (315,857,418) | \$ 232,061,473 | \$ 3,391,616 | \$ 28,668,630 | \$ 91,267,296 | \$ 266,481,495 |

**Minneapolis Public Schools
Special School District No. 1
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 | | | | |
| Property taxes | \$ 147,181,032 | \$ 170,554,837 | \$ 179,102,986 | \$ 186,848,106 |
| Earnings on investments | 739,024 | 1,321,599 | 2,540,323 | 1,454,684 |
| Other | 28,407,323 | 32,472,040 | 31,311,889 | 28,387,597 |
| Revenue from state sources | 413,789,822 | 422,769,202 | 434,427,393 | 427,523,543 |
| Revenue from federal sources | 63,326,651 | 58,127,944 | 62,467,008 | 66,351,478 |
| Sales and other conversion of assets | - | - | - | - |
| Total revenues | <u>653,443,852</u> | <u>685,245,622</u> | <u>709,849,599</u> | <u>710,565,408</u> |
| Expenditures | | | | |
| Current | | | | |
| Administration | 13,879,619 | 16,070,932 | 17,687,848 | 17,384,736 |
| District support services | 22,980,865 | 28,140,125 | 18,772,996 | 19,613,778 |
| Elementary and secondary regular instruction | 247,063,307 | 261,018,680 | 281,183,312 | 279,209,325 |
| Vocational education instruction | 3,735,366 | 3,906,467 | 3,824,712 | 4,018,952 |
| Special education instruction | 112,831,353 | 115,090,317 | 120,631,699 | 118,988,717 |
| Instructional support services | 38,055,158 | 45,674,033 | 53,888,807 | 61,076,185 |
| Pupil support services | 52,355,745 | 63,500,540 | 65,090,663 | 66,342,086 |
| Sites and buildings | 61,317,727 | 65,382,043 | 67,537,181 | 70,831,796 |
| Fiscal and other fixed cost programs | 566,697 | 567,196 | 585,971 | 559,310 |
| Food service | 18,370,838 | 18,746,395 | 21,379,447 | 21,955,089 |
| Community service | 24,149,215 | 24,374,736 | 26,096,351 | 28,470,422 |
| Capital outlay | 34,128,727 | 84,314,918 | 113,558,642 | 32,964,683 |
| Debt service | | | | |
| Principal | 142,325,000 | 57,345,000 | 65,651,000 | 54,410,000 |
| Interest and fiscal charges | 16,199,472 | 15,712,382 | 22,474,693 | 24,365,539 |
| Total expenditures | <u>787,959,089</u> | <u>799,843,764</u> | <u>878,363,322</u> | <u>800,190,618</u> |
| Excess of revenues over (under) expenditures | (134,515,237) | (114,598,142) | (168,513,723) | (89,625,210) |
| Other financing sources (uses) | | | | |
| Insurance recovery | - | - | - | - |
| Proceeds from sale of capital assets | 1,402,360 | 2,918,377 | 8,042,914 | 14,250 |
| Bonds issuance | 112,985,000 | 203,980,000 | 111,335,000 | 115,840,000 |
| Bond premium | 10,073,954 | 24,689,189 | 7,562,991 | 18,670,496 |
| Lease issuance | - | - | - | - |
| Notes from direct borrowing | - | - | - | - |
| Payment to refunded bond escrow agent | - | - | - | - |
| Transfers in | - | - | 16,000,000 | 3,300,000 |
| Transfers out | - | - | - | (3,300,000) |
| Total other financing sources (uses) | <u>124,461,314</u> | <u>231,587,566</u> | <u>142,940,905</u> | <u>134,524,746</u> |
| Net change in fund balances | <u>\$ (10,053,923)</u> | <u>\$ 116,989,424</u> | <u>\$ (25,572,818)</u> | <u>\$ 44,899,536</u> |
| Change in accounting principle | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Debt service as a percentage of noncapital expenditures | <u>21.0%</u> | <u>10.2%</u> | <u>11.5%</u> | <u>10.3%</u> |

Note 1: The District implemented GASB Statement No. 84 in fiscal 2020. The District reported a change in accounting principle as a result of implementing these standards that increased unrestricted net position by approximately \$696 thousand.

| Fiscal Year | | | | | |
|----------------|----------------|----------------|----------------|----------------|-----------------|
| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| \$ 193,482,261 | \$ 201,623,012 | \$ 237,688,936 | \$ 233,710,937 | \$ 226,948,273 | \$ 237,172,227 |
| 2,681,596 | 11,546,213 | 9,346,761 | (9,950) | (2,090,001) | 15,398,535 |
| 25,794,522 | 23,747,220 | 20,983,762 | 16,415,426 | 16,975,798 | 21,408,399 |
| 434,379,126 | 433,327,525 | 426,392,228 | 413,948,831 | 396,699,931 | 379,965,999 |
| 65,693,449 | 64,556,526 | 62,670,352 | 83,704,821 | 146,899,330 | 140,830,749 |
| - | 2,694,907 | 2,144,670 | 187,560 | 804,780 | 1,959,350 |
| 722,030,954 | 737,495,403 | 759,226,709 | 747,957,625 | 786,238,111 | 796,735,259 |
| 15,547,683 | 14,078,320 | 15,207,556 | 16,049,086 | 16,954,667 | 18,487,733 |
| 27,059,474 | 28,409,955 | 20,382,355 | 26,601,884 | 30,826,898 | 32,112,101 |
| 277,152,841 | 258,489,689 | 273,196,985 | 259,680,752 | 274,310,418 | 255,920,748 |
| 4,166,786 | 4,480,099 | 4,620,367 | 4,797,462 | 5,476,323 | 5,482,394 |
| 116,754,950 | 114,880,487 | 114,972,663 | 120,905,966 | 117,840,105 | 118,665,141 |
| 48,331,889 | 43,030,096 | 43,973,545 | 43,590,389 | 44,617,199 | 46,287,017 |
| 63,842,797 | 68,351,249 | 69,626,854 | 64,371,133 | 83,826,106 | 95,377,944 |
| 70,541,979 | 91,101,190 | 65,137,597 | 78,814,675 | 73,838,180 | 81,753,676 |
| 594,641 | 688,012 | 932,903 | 6,275,779 | 1,221,175 | 1,401,602 |
| 21,226,849 | 22,521,883 | 22,866,971 | 19,090,261 | 25,151,830 | 23,676,472 |
| 29,788,981 | 32,739,857 | 31,181,411 | 27,154,272 | 29,657,088 | 33,255,575 |
| 82,671,403 | 60,346,611 | 60,391,425 | 35,404,410 | 63,722,408 | 73,429,281 |
| 51,925,000 | 57,190,000 | 58,285,000 | 59,770,000 | 69,864,767 | 72,540,501 |
| 28,224,134 | 31,055,389 | 32,919,855 | 33,761,265 | 35,423,870 | 35,843,234 |
| 837,829,407 | 827,362,837 | 813,695,487 | 796,267,334 | 872,731,034 | 894,233,419 |
| (115,798,453) | (89,867,434) | (54,468,778) | (48,309,709) | (86,492,923) | (97,498,160) |
| - | - | - | - | 56,162 | 900,460 |
| 1,566 | 9,765 | 18,765 | - | - | 32,105 |
| 119,025,000 | 91,670,000 | 84,220,000 | 98,980,000 | 115,280,000 | 124,295,001 |
| 17,676,619 | 11,814,468 | 14,931,237 | 20,389,236 | 27,638,692 | 10,829,198 |
| - | - | - | - | 24,202,006 | 8,928,669 |
| - | - | - | - | - | 6,983,121 |
| - | - | (6,095,000) | (29,955,000) | (59,085,000) | (70,830,000) |
| - | - | 3,197,268 | - | 470,867 | 6,481,205 |
| - | - | (3,197,268) | - | (470,867) | (6,481,205) |
| 136,703,185 | 103,494,233 | 93,075,002 | 89,414,236 | 108,091,860 | 81,138,554 |
| \$ 20,904,732 | \$ 13,626,799 | \$ 38,606,224 | \$ 41,104,527 | \$ 21,598,937 | \$ (16,359,606) |
| \$ - | \$ - | \$ 695,903 | \$ - | \$ - | \$ - |
| 10.6% | 11.5% | 12.1% | 12.3% | 13.0% | 13.2% |

**Minneapolis Public Schools
Special School District No. 1
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)**

| | Fiscal Year | | | |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2014 | 2015 | 2016 | 2017 |
| General Fund | | | | |
| Nonspendable | \$ 896,518 | \$ 872,933 | \$ 853,532 | \$ 128,675 |
| Restricted | 2,255,536 | 248,930 | 293,573 | 3,319,894 |
| Assigned | 39,192,676 | 29,387,954 | 25,350,565 | 21,455,251 |
| Unassigned | <u>44,913,892</u> | <u>49,436,409</u> | <u>54,219,695</u> | <u>41,392,543</u> |
| Total General Fund | 87,258,622 | 79,946,226 | 80,717,365 | 66,296,363 |
| All other governmental funds | | | | |
| Nonspendable | 764,274 | 780,490 | 484,372 | 872,545 |
| Restricted | | | | |
| Special revenue funds | 3,777,145 | 6,278,029 | 9,064,174 | 10,704,840 |
| Building construction | 51,956,431 | 166,323,664 | 141,287,222 | 201,062,678 |
| Debt service funds | <u>24,811,138</u> | <u>32,228,625</u> | <u>28,431,083</u> | <u>25,947,326</u> |
| Total all other governmental funds | <u>\$ 168,567,610</u> | <u>\$ 285,557,034</u> | <u>\$ 259,984,216</u> | <u>\$ 304,883,752</u> |

| Fiscal Year | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| \$ 90,987 | \$ 1,227,627 | \$ 1,269,376 | \$ 1,414,679 | \$ 5,294,596 | \$ 5,957,921 |
| 1,107,421 | 2,660,707 | 9,593,882 | 12,214,531 | 17,698,879 | 22,386,757 |
| 29,671,886 | 32,138,104 | 43,737,399 | 57,295,506 | 68,347,003 | 54,915,232 |
| 31,645,115 | 38,832,518 | 52,573,025 | 55,149,041 | 53,613,747 | 60,025,541 |
| 62,515,409 | 74,858,956 | 107,173,682 | 126,073,757 | 144,954,225 | 143,285,451 |
| 835,232 | 856,369 | 2,532,517 | 1,732,388 | 2,187,502 | 2,913,129 |
| 11,266,229 | 9,662,107 | 6,881,059 | 8,768,701 | 5,051,671 | 7,626,188 |
| 225,872,041 | 219,626,151 | 219,959,276 | 238,481,069 | 249,030,441 | 228,031,386 |
| 25,299,573 | 34,411,700 | 42,170,876 | 44,766,022 | 40,197,035 | 43,205,114 |
| <u>\$ 325,788,484</u> | <u>\$ 339,415,283</u> | <u>\$ 378,717,410</u> | <u>\$ 419,821,937</u> | <u>\$ 441,420,874</u> | <u>\$ 425,061,268</u> |

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**Minneapolis Public Schools
Special School District No. 1
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 | \$ 77,700,562 14.7% | \$ 390,144,189 73.7% | \$ 44,219,081 8.4% | \$ 17,304,137 3.3% | \$ 529,367,969 100.0% |
| 2015 | 106,397,151 18.8% | 399,944,459 70.8% | 38,310,414 6.8% | 20,084,230 3.6% | 564,736,254 100.0% |
| 2016 | 116,602,944 19.9% | 410,256,617 70.1% | 40,075,526 6.8% | 18,292,458 3.1% | 585,227,545 100.0% |
| 2017 | 117,942,218 20.3% | 402,839,217 69.2% | 43,016,218 7.4% | 17,971,173 3.1% | 581,768,826 100.0% |
| 2018 | 122,930,971 20.8% | 408,375,976 69.2% | 42,823,711 7.3% | 15,705,490 2.7% | 589,836,148 100.0% |
| 2019 | 114,084,818 19.7% | 406,906,740 70.1% | 42,269,350 7.3% | 17,035,980 2.9% | 580,296,888 100.0% |
| 2020 | 151,392,761 24.9% | 400,306,331 65.9% | 39,941,226 6.6% | 16,203,960 2.7% | 607,844,278 100.0% |
| 2021 | 144,092,501 23.9% | 387,675,107 64.2% | 58,628,646 9.7% | 13,337,269 2.2% | 603,733,523 100.0% |
| 2022 | 140,964,153 21.9% | 371,678,222 57.8% | 120,482,318 18.7% | 10,084,573 1.6% | 643,209,266 100.0% |
| 2023 | 141,332,958 22.4% | 354,667,173 56.3% | 119,072,623 18.9% | 14,608,422 2.3% | 629,681,176 100.0% |

Note: The change in “tax shift,” as approved in legislation, impacted the amount of tax revenue recognized in fiscal years 2011 and 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

**Minneapolis Public Schools
Special School District No. 1
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 | Instructional Support Services |
|------------------------|-----------------------|---------------------------------|--|--|-------------------------------------|--------------------------------------|
| 2014 | \$ 13,879,619 2.6% | \$ 22,980,865 4.3% | \$ 247,063,307 46.0% | \$ 3,735,366 0.7% | \$ 112,831,353 21.0% | \$ 38,055,158 7.1% |
| 2015 | 16,070,932 2.8% | 28,140,125 4.9% | 261,018,680 45.3% | 3,906,467 0.7% | 115,090,317 20.0% | 45,674,033 7.9% |
| 2016 | 17,687,848 2.9% | 18,772,996 3.1% | 281,183,312 46.4% | 3,824,712 0.6% | 120,631,699 19.9% | 53,888,807 8.9% |
| 2017 | 17,384,736 2.9% | 19,613,778 3.2% | 279,209,325 46.1% | 4,018,952 0.7% | 118,988,717 19.6% | 61,076,185 10.1% |
| 2018 | 15,547,683 2.6% | 27,059,474 4.6% | 277,152,841 46.7% | 4,166,786 0.7% | 116,754,950 19.7% | 48,331,889 8.1% |
| 2019 | 14,078,320 2.5% | 28,409,955 5.0% | 258,489,689 45.5% | 4,480,099 0.8% | 114,880,487 20.2% | 43,030,096 7.6% |
| 2020 | 15,207,556 2.6% | 20,382,355 3.5% | 273,196,985 47.3% | 4,620,367 0.8% | 114,972,663 19.9% | 43,973,545 7.6% |
| 2021 | 16,049,086 2.7% | 26,601,884 4.5% | 259,680,752 44.4% | 4,797,462 0.8% | 120,905,966 20.7% | 43,590,389 7.5% |
| 2022 | 16,954,667 2.6% | 30,826,898 4.8% | 274,310,418 42.3% | 5,476,323 0.8% | 117,840,105 18.2% | 44,617,199 6.9% |
| 2023 | 18,487,733 2.9% | 32,112,101 5.0% | 255,920,748 39.9% | 5,482,394 0.9% | 118,665,141 18.5% | 46,287,017 7.2% |

Note: The change in "tax shift," as approved in legislation, impacted the amount of tax revenue recognized in fiscal years 2012 and 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

| <u>Pupil Support Services</u> | <u>Sites and Buildings</u> | <u>Fiscal and Other Fixed Cost Programs</u> | <u>Community Education and Services</u> | <u>Capital Outlay</u> | <u>Debt Service</u> | <u>Total</u> |
|-------------------------------|----------------------------|---|---|-----------------------|----------------------|--------------------------|
| \$ 52,355,745 9.8% | \$ 35,180,060 6.6% | \$ 566,697 0.1% | \$ - - | \$ 9,152,413 1.7% | \$ 1,055,711 0.2% | \$ 536,856,294 100.0% |
| 63,500,540 11.0% | 34,311,403 6.0% | 567,196 0.1% | - - | 7,613,457 1.3% | - - | 575,893,150 100.0% |
| 65,090,663 10.7% | 34,369,886 5.7% | 585,971 0.1% | - - | 10,348,822 1.7% | - - | 606,384,716 100.0% |
| 66,342,086 10.9% | 35,852,999 5.9% | 559,310 0.1% | 58,786 0.0% | 2,824,954 0.5% | - - | 605,929,828 100.0% |
| 63,842,797 10.8% | 34,563,786 5.8% | 594,641 0.1% | - - | 5,602,255 0.9% | - - | 593,617,102 100.0% |
| 68,351,249 12.0% | 33,716,339 5.9% | 688,012 0.1% | - - | 1,838,860 0.3% | - - | 567,963,106 100.0% |
| 69,626,854 12.1% | 33,229,408 5.8% | 932,903 0.2% | - - | 1,201,584 0.2% | - - | 577,344,220 100.0% |
| 64,371,133 11.0% | 40,028,331 6.8% | 6,275,779 1.1% | - - | 2,532,666 0.4% | - - | 584,833,448 100.0% |
| 83,826,106 12.9% | 38,970,766 6.0% | 1,221,175 0.2% | 71,406 0.0% | 26,408,839 4.1% | 7,568,950 1.2% | 648,092,852 100.0% |
| 95,377,944 14.9% | 43,860,343 6.8% | 1,401,602 0.2% | 133,680 0.0% | 16,721,011 2.6% | 6,449,264 1.0% | 640,898,978 100.0% |

**Minneapolis Public Schools
Special School District No. 1
Summary of Revenues and Expenditures
Last Ten Fiscal Years**

| | Fiscal Year | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2014 | 2015 | 2016 | 2017 |
| Revenues | | | | |
| General Fund | \$ 529,367,969 | \$ 564,736,254 | \$ 585,227,545 | \$ 581,768,826 |
| Special revenue funds | | | | |
| Food service | 18,215,170 | 19,607,719 | 22,486,250 | 22,589,754 |
| Community service | 24,428,568 | 26,664,323 | 28,570,581 | 29,825,786 |
| Building construction | 5,618,683 | 9,450,263 | 1,802,571 | 1,115,839 |
| Debt service funds | 75,813,462 | 64,787,063 | 71,762,652 | 75,265,203 |
| Total revenues | <u>\$ 653,443,852</u> | <u>\$ 685,245,622</u> | <u>\$ 709,849,599</u> | <u>\$ 710,565,408</u> |
| Expenditures | | | | |
| General Fund | \$ 536,856,294 | \$ 575,893,150 | \$ 606,384,716 | \$ 605,929,828 |
| Special revenue funds | | | | |
| Food service | 18,977,383 | 19,224,956 | 22,027,820 | 22,077,485 |
| Community service | 24,237,059 | 24,540,783 | 26,563,620 | 28,554,216 |
| Building construction | 50,419,592 | 107,127,493 | 135,261,473 | 65,875,000 |
| Debt service funds | 157,468,761 | 73,057,382 | 88,125,693 | 77,754,089 |
| Total expenditures | <u>\$ 787,959,089</u> | <u>\$ 799,843,764</u> | <u>\$ 878,363,322</u> | <u>\$ 800,190,618</u> |

| Fiscal Year | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| \$ 589,836,148 | \$ 580,296,888 | \$ 607,844,278 | \$ 603,733,523 | \$ 643,209,266 | \$ 629,681,176 |
| 21,897,237 | 22,062,833 | 23,694,428 | 21,349,575 | 21,168,074 | 18,009,094 |
| 30,506,573 | 31,853,780 | 28,471,098 | 27,022,352 | 29,701,512 | 35,606,486 |
| 1,249,177 | 6,211,282 | 3,611,101 | 212,058 | 597,098 | 10,799,107 |
| 78,541,819 | 97,070,620 | 95,605,804 | 95,640,117 | 91,562,161 | 102,639,396 |
| <u>\$ 722,030,954</u> | <u>\$ 737,495,403</u> | <u>\$ 759,226,709</u> | <u>\$ 747,957,625</u> | <u>\$ 786,238,111</u> | <u>\$ 796,735,259</u> |
| \$ 593,617,102 | \$ 567,963,106 | \$ 577,344,220 | \$ 584,833,448 | \$ 648,092,852 | \$ 640,898,978 |
| 21,646,325 | 22,624,251 | 22,955,476 | 19,211,722 | 25,223,498 | 23,904,788 |
| 30,234,975 | 32,875,347 | 31,232,002 | 27,155,640 | 29,589,555 | 33,152,664 |
| 113,141,433 | 115,941,640 | 91,067,412 | 71,747,909 | 73,373,599 | 96,831,741 |
| 79,189,572 | 87,958,493 | 91,096,377 | 93,318,615 | 96,451,530 | 99,445,248 |
| <u>\$ 837,829,407</u> | <u>\$ 827,362,837</u> | <u>\$ 813,695,487</u> | <u>\$ 796,267,334</u> | <u>\$ 872,731,034</u> | <u>\$ 894,233,419</u> |

**Minneapolis Public Schools
Special School District No. 1
Cash and Investments by Fund
Last Ten Fiscal Years**

| | Fiscal Year | | | |
|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2014 | 2015 | 2016 | 2017 |
| General Fund | \$ 119,700,798 | \$ 108,907,760 | \$ 95,179,498 | \$ 85,619,508 |
| Special revenue funds | | | | |
| Food Service | - | 815,272 | 933,829 | 1,939,704 |
| Community Service | 4,328,228 | 6,630,979 | 8,976,796 | 11,242,777 |
| Building construction | 61,146,291 | 196,346,014 | 161,675,892 | 213,222,358 |
| Debt service funds | 49,334,042 | 59,749,587 | 58,600,779 | 57,151,753 |
| Internal service funds | 50,088,316 | 47,534,292 | 29,705,483 | 44,918,470 |
| OPEB Trust Fund | 16,734,979 | 14,637,387 | 14,946,492 | 16,218,696 |
| | <u>\$ 301,332,654</u> | <u>\$ 434,621,291</u> | <u>\$ 370,018,769</u> | <u>\$ 430,313,266</u> |

| Fiscal Year | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| \$ 94,582,285 | \$ 116,595,173 | \$ 146,432,589 | \$ 167,707,285 | \$ 153,196,716 | \$ 139,336,994 |
| 2,081,764 | 1,869,294 | - | 2,925,204 | - | - |
| 11,338,299 | 9,314,974 | 6,423,422 | 4,959,083 | 7,234,505 | 7,011,091 |
| 246,717,038 | 236,462,242 | 229,145,567 | 247,489,262 | 255,932,860 | 237,460,374 |
| 67,471,802 | 73,465,944 | 80,663,292 | 83,644,344 | 84,334,717 | 87,172,216 |
| 52,288,028 | 59,713,246 | 69,745,932 | 88,143,884 | 83,801,385 | 86,204,994 |
| 19,236,786 | 21,086,531 | 21,766,550 | 26,504,022 | 22,957,606 | 24,462,720 |
| <u>\$ 493,716,002</u> | <u>\$ 518,507,404</u> | <u>\$ 554,177,352</u> | <u>\$ 621,373,084</u> | <u>\$ 607,457,789</u> | <u>\$ 581,648,389</u> |

**Minneapolis Public Schools
Special School District No. 1
Governmental Funds Tax Revenues by Source and Levy Type
Last Ten Fiscal Years**

| Year Ended June 30, | Property Tax | | | | Total |
|------------------------|---------------|--|--|-----------------------|----------------|
| | General Fund | Community Service Special Revenue Fund | Capital Projects - Building Construction | Debt Service Funds | |
| 2014 | \$ 77,700,562 | \$ 2,419,221 | \$ 4,971,017 | \$ 62,090,232 | \$ 147,181,032 |
| 2015 | 106,397,151 | 4,982,620 | 8,327,570 | 50,847,496 | 170,554,837 |
| 2016 | 116,602,944 | 5,150,988 | 82,169 | 57,266,885 | 179,102,986 |
| 2017 | 117,942,218 | 5,699,513 | - | 63,206,375 | 186,848,106 |
| 2018 | 122,930,971 | 5,529,590 | - | 65,021,700 | 193,482,261 |
| 2019 | 114,084,818 | 5,206,428 | - | 82,331,766 | 201,623,012 |
| 2020 | 151,392,761 | 5,492,440 | - | 80,803,735 | 237,688,936 |
| 2021 | 144,092,501 | 5,528,142 | - | 84,090,294 | 233,710,937 |
| 2022 | 140,964,153 | 5,432,626 | - | 80,551,494 | 226,948,273 |
| 2023 | 141,332,958 | 5,498,248 | - | 90,341,021 | 237,172,227 |

Note: The change in “tax shift,” as approved in legislation, impacted the amount of tax revenue recognized in fiscal years 2011 and 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.

**Minneapolis Public Schools
Special School District No. 1
Tax Capacities and Market Values
Last Ten Fiscal Years**

| <u>For Taxes Collectible</u> | <u>Total Taxable Net Tax Capacity</u> | <u>Estimated Market Value</u> | <u>Percentage Tax Capacity to Market Value</u> |
|----------------------------------|---|-----------------------------------|--|
| 2014 | \$ 374,174,247 | \$ 33,018,471,980 | 1.13 % |
| 2015 | 410,514,191 | 36,295,801,700 | 1.13 |
| 2016 | 454,641,259 | 40,007,351,470 | 1.14 |
| 2017 | 493,479,516 | 43,733,641,575 | 1.13 |
| 2018 | 533,535,674 | 47,585,887,950 | 1.12 |
| 2019 | 616,220,416 | 52,302,500,275 | 1.18 |
| 2020 | 657,711,218 | 55,860,372,081 | 1.18 |
| 2021 | 697,099,022 | 58,812,067,511 | 1.19 |
| 2022 | 704,727,819 | 60,047,658,199 | 1.17 |
| 2023 | 760,971,311 | 63,808,758,391 | 1.19 |

Note: Per the Hennepin County Taxpayer Services Division, reliable information for the breakdown of assessed and actual residential, commercial, and industrial property values is not available. Actual value of property.

Source: *MDE Levy Limitation and Certification Report*

**Minneapolis Public Schools
Special School District No. 1
School Tax Levies, and Tax Rates
Last Ten Fiscal Years**

| | Year Collectible | General Fund | Community Service Special Revenue Fund | Debt Service Fund | Total All Funds |
|-----------|---------------------|-----------------|--|----------------------|--------------------|
| Levies | 2014 | \$ 115,585,635 | \$ 4,958,085 | \$ 51,348,833 | \$ 171,892,553 |
| | 2015 | 115,954,257 | 5,160,736 | 57,481,369 | 178,596,362 |
| | 2016 | 117,008,161 | 5,503,645 | 63,228,410 | 185,740,216 |
| | 2017 | 119,784,624 | 5,330,747 | 65,796,848 | 190,912,220 |
| | 2018 | 114,064,112 | 5,241,275 | 83,098,180 | 202,403,566 |
| | 2019 | 149,699,526 | 5,541,672 | 81,436,314 | 236,677,511 |
| | 2020 | 142,851,932 | 5,568,034 | 84,751,020 | 233,170,987 |
| | 2021 | 137,639,976 | 5,453,410 | 80,948,599 | 224,041,985 |
| | 2022 | 144,015,606 | 5,541,222 | 91,134,710 | 240,691,538 |
| | 2023 | 145,848,250 | 5,474,604 | 92,497,294 | 243,820,149 |
| Tax rates | 2014 | 0.10699 | 0.01314 | 0.13604 | 0.25617 |
| | 2015 | 0.00319 | 0.08069 | 0.13782 | 0.22170 |
| | 2016 | 0.06278 | 0.01193 | 0.13702 | 0.21173 |
| | 2017 | 0.06197 | 0.01067 | 0.13160 | 0.20424 |
| | 2018 | 0.05877 | 0.00976 | 0.22312 | 0.29165 |
| | 2019 | 0.05328 | 0.00947 | 0.15956 | 0.22231 |
| | 2020 | 0.06900 | 0.00876 | 0.13326 | 0.21102 |
| | 2021 | 0.06576 | 0.00765 | 0.11351 | 0.18692 |
| | 2022 | 0.06618 | 0.07700 | 0.12648 | 0.26966 |
| | 2023 | 0.06179 | 0.00717 | 0.11843 | 0.18739 |

Note: 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.

Source: *State of Minnesota School Tax Report*

**Minneapolis Public Schools
Special School District No. 1
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

| For Taxes Collectible | ISD No. 001 | | Overlapping Rates | | | | Total Rates |
|--------------------------|-----------------------------|-----------------------------|------------------------|--------------------|------------------------|-----------------------------------|-------------------------|
| | Tax Capacity Based Rates | Market Value Based Rates | City of Minneapolis | Hennepin County | Watershed Districts | Other Special Taxing Districts | Minneapolis Resident |
| 2014 | 3.29 | 0.01 | 9.55 | 6.33 | 0.23 | 0.73 | 20.14 |
| 2015 | 2.85 | 0.02 | 8.82 | 5.92 | 0.22 | 0.71 | 18.54 |
| 2016 | 2.72 | 0.02 | 8.29 | 5.78 | 0.22 | 0.67 | 17.70 |
| 2017 | 2.63 | 0.02 | 8.11 | 5.64 | 0.22 | 0.68 | 17.30 |
| 2018 | 2.88 | 0.01 | 7.94 | 5.49 | 0.22 | 0.68 | 17.22 |
| 2019 | 2.87 | 0.02 | 7.63 | 5.37 | 0.20 | 0.64 | 16.73 |
| 2020 | 2.72 | 0.01 | 7.59 | 5.25 | 0.19 | 0.61 | 16.37 |
| 2021 | 2.41 | 0.01 | 7.51 | 4.89 | 0.18 | 0.58 | 15.58 |
| 2022 | 2.65 | 0.01 | 7.44 | 4.96 | 0.18 | 0.58 | 15.82 |
| 2023 | 2.44 | 0.01 | 7.62 | 4.40 | 0.16 | 0.50 | 15.13 |

Note 1: Based upon weighted class rate among property types (e.g. commercial/industrial, residential).

Source: Hennipen County & City of Minneapolis Finance and Property Services Department

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**Minneapolis Public Schools
Special School District No. 1
Principal Property Taxpayers
Current Year and Nine Years Ago**

| Taxpayer | 2023 | | | Taxpayer | 2014 | | |
|----------------------------|--------------------------|------|--|--|--------------------------|------|--|
| | Taxable Net Tax Capacity | Rank | Percentage of Taxable Net Tax Capacity | | Taxable Net Tax Capacity | Rank | Percentage of Taxable Net Tax Capacity |
| BRI 1855 IDS Center, LLC | \$ 5,804,450 | 1 | 0.77 % | Northern States Power Co | \$ 3,249,245 | 1 | 18.47 % |
| WFM Office Owner LLC | 5,319,250 | 2 | 5.33 | Target Corporation | 2,362,982 | 2 | 13.43 |
| SRI Eleven MPLS 225 LLC | 5,090,650 | 3 | 5.10 | MB Mpls 8th Street LLC | 1,941,218 | 3 | 11.04 |
| City Center 33 S. Prop LLC | 4,828,650 | 4 | 0.64 | Minneapolis 225 Holdings LLC | 1,856,226 | 4 | 10.55 |
| Target Corporation | 4,171,250 | 5 | 4.18 | NWC Limited Partnership | 1,801,831 | 5 | 10.24 |
| Wells REIT-800 Nicollett | 4,157,250 | 6 | 4.16 | City Center Associates | 1,596,717 | 6 | 9.08 |
| US Bank Corp RE Tax Dept | 4,006,250 | 7 | 4.01 | First Minneapolis-Hines Co. | 1,478,861 | 7 | 8.41 |
| South Sixth Office LLC | 3,199,250 | 8 | 3.20 | Wells Operating Partnership LP | 1,492,460 | 8 | 8.48 |
| BAM 701 LLC | 3,164,850 | 9 | 3.17 | Hilton Hotels Corporation | 1,297,545 | 9 | 7.38 |
| KBS Capital Advisors LLC | 2,295,870 | 10 | 2.30 | Hines Global REIT 50 So. Sixth St. LLC | 1,221,619 | 10 | 6.94 |
| | <u>\$ 42,037,720</u> | | <u>32.87 %</u> | | <u>\$ 18,298,704</u> | | <u>104.03 %</u> |

Source: Hennepin County

**Minneapolis Public Schools
Special School District No. 1
Property Tax Levies and Receivables
Last Ten Fiscal Years**

| For Taxes Collectible | Taxes Levied for the Fiscal Year | | | Collections | |
|--------------------------|----------------------------------|------------------|----------------|--------------------------------------|-----------------------|
| | Operating Tax Levy | Debt Tax Levy | Total | First Year Levy Recognized Amount | Percentage of Levy |
| 2014 | \$ 120,543,720 | \$ 51,348,833 | \$ 171,892,553 | \$ 171,427,681 | 99.7 % |
| 2015 | 130,512,563 | 57,737,682 | 188,250,245 | 187,796,176 | 99.8 |
| 2016 | 128,145,740 | 63,228,410 | 191,374,150 | 190,942,335 | 99.8 |
| 2017 | 125,115,372 | 65,796,848 | 190,912,220 | 190,834,102 | 100.0 |
| 2018 | 114,064,112 | 88,339,455 | 202,403,566 | 201,951,261 | 99.8 |
| 2019 | 155,241,197 | 81,436,314 | 236,677,511 | 236,446,886 | 99.9 |
| 2020 | 148,419,966 | 84,751,020 | 233,170,987 | 232,699,888 | 99.8 |
| 2021 | 143,093,386 | 80,948,599 | 224,041,985 | 222,810,001 | 99.5 |
| 2022 | 142,541,195 | 91,134,710 | 233,675,905 | 233,675,905 | 100.0 |
| 2023 | 151,322,854 | 92,497,294 | 243,820,149 | 118,981,292 | 48.8 |

Note 1: A portion of the total spread levy is paid through various property tax credits, which are paid through state aids and have been included in collections. Legislative changes, beginning with taxes collectible in 2012, significantly reduced or eliminated the amount of tax credits paid

Note 2: 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*

| Collections | | | Uncollected Taxes Receivable as of June 30, 2023 | | | |
|------------------------------------|----------------|-----------------------|--|---------|-----------------------|---------|
| Received in Subsequent Years | Total to Date | | Delinquent (2) | | Current | |
| | Amount | Percentage of Levy | Amount | Percent | Amount | Percent |
| \$ 464,871 | \$ 171,892,553 | 100.0 % | \$ - | - % | \$ - | - % |
| 454,069 | 188,250,245 | 100.0 | - | - | - | - |
| 431,815 | 191,374,150 | 100.0 | - | - | - | - |
| 78,118 | 189,367,854 | 99.2 | - | - | - | - |
| 452,306 | 201,000,177 | 99.3 | 336,528 | 0.17 | - | - |
| 230,625 | 234,875,121 | 99.2 | 65,696 | 0.03 | - | - |
| 471,098 | 229,562,672 | 98.5 | 172,732 | 0.07 | - | - |
| 1,231,984 | 220,847,757 | 98.6 | 352,925 | 0.16 | - | - |
| - | 233,675,905 | 100.0 | 402,153 | 0.17 | - | - |
| 124,838,857 | 243,820,149 | 100.0 | - | - | 124,838,857 | 51.2 |
| | | | <u>\$ 1,330,034</u> | | <u>\$ 124,838,857</u> | |

**Minneapolis Public Schools
Special School District No. 1
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

| Year | G. O. Bonds | Certificates of Participation | Notes from Direct Borrowing | Lease Liability | Premiums (Discount) on Debt |
|------|----------------|----------------------------------|--------------------------------|--------------------|-----------------------------------|
| 2014 | \$ 255,871,000 | \$ 128,190,000 | \$ - | \$ - | \$ 17,590,226 |
| 2015 | 294,431,000 | 236,265,000 | - | - | 38,291,366 |
| 2016 | 317,010,000 | 259,370,000 | - | - | 41,126,988 |
| 2017 | 382,585,000 | 255,225,000 | - | - | 54,506,071 |
| 2018 | 435,020,000 | 269,890,000 | - | - | 65,997,346 |
| 2019 | 495,505,000 | 243,885,000 | - | - | 70,897,597 |
| 2020 | 530,255,000 | 228,975,000 | - | - | 78,155,890 |
| 2021 | 562,395,000 | 206,090,000 | - | - | 90,870,567 |
| 2022 | 573,655,000 | 188,455,000 | 15,129,168 | 1,778,071 | 106,867,987 |
| 2023 | 585,995,000 | 164,755,000 | 15,029,262 | 10,315,441 | 99,831,500 |

Note 1: Details regarding the District's outstanding debt can be found in the notes to the basic financial statements.

Note 2: Personal income data for Fiscal year 23 is not available.

Note 3: GASB Statement No. 87 was implemented for fiscal year 2022 which resulted in the recognition of lease liability with finance purchases through notes from directed borrowing.

Note 4: GASB Statement No. 96 was implemented for fiscal year 2023 which resulted in the recognition of subscription - based information technology lease liability with finance purchases.

Source: *State of Minnesota School Tax Report and Metropolitan Council*

| Total Primary Government | Estimated Population | Total Debt per Capita | Percent of Total Debt to Personal Income |
|--------------------------------|-------------------------|-----------------------------|---|
| \$ 401,651,226 | 400,938 | \$ 1,002 | 3.06 % |
| 568,987,366 | 411,273 | 1,383 | 4.36 |
| 617,506,988 | 412,517 | 1,497 | 4.31 |
| 692,316,071 | 413,645 | 1,674 | 4.85 |
| 770,907,346 | 422,326 | 1,825 | 4.79 |
| 810,287,597 | 425,403 | 1,905 | 5.14 |
| 837,385,890 | 435,885 | 1,921 | 4.95 |
| 859,355,567 | 429,954 | 1,999 | 5.14 |
| 885,885,226 | 435,105 | 2,036 | 4.64 |
| 875,926,203 | 429,292 | 2,040 | N/A |

**Minneapolis Public Schools
Special School District No. 1
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years**

| Year | G. O. Bonds | Certificates of Participation | Premiums (Discount) on Debt | Less Amounts Available in Debt Service Fund | Net Bonded Debt |
|------|----------------|-------------------------------|-----------------------------|---|-----------------|
| 2014 | \$ 255,871,000 | \$ 128,190,000 | \$ 17,590,226 | \$ 24,811,138 | \$ 376,840,088 |
| 2015 | 294,431,000 | 236,265,000 | 38,291,366 | 32,228,625 | 536,758,741 |
| 2016 | 317,010,000 | 259,370,000 | 41,126,988 | 28,431,083 | 589,075,905 |
| 2017 | 382,585,000 | 255,225,000 | 54,506,071 | 25,947,326 | 666,368,745 |
| 2018 | 435,020,000 | 269,890,000 | 65,997,346 | 25,299,573 | 745,607,773 |
| 2019 | 495,505,000 | 243,885,000 | 70,897,597 | 34,411,700 | 775,875,897 |
| 2020 | 530,255,000 | 228,975,000 | 78,155,890 | 42,170,876 | 795,215,014 |
| 2021 | 562,395,000 | 206,090,000 | 90,870,567 | 44,766,022 | 814,589,545 |
| 2022 | 573,655,000 | 188,455,000 | 106,867,987 | 40,197,035 | 828,780,952 |
| 2023 | 585,995,000 | 164,755,000 | 99,831,500 | 43,205,114 | 807,376,386 |

Note 1: Details regarding the District's outstanding debt can be found in the notes to the basic financial statements.

Note 2: Personal income data for Fiscal year 23 is not available

Note 3: GASB Statement No. 87 was implemented for fiscal year 2022 which resulted in the recognition of lease liability with finance purchases through notes from directed borrowing.

Note 4: GASB Statement No. 96 was implemented for fiscal year 2023 which resulted in the recognition of subscription -based information technology lease liability with finance purchases.

Source: *State of Minnesota School Tax Report and Metropolitan Council*

| <u>Net Tax Capacity</u> | <u>Percent of Estimated Actual Value of Property</u> | <u>Estimated Population</u> | <u>Net Bonded Debt per Capita</u> |
|-----------------------------|--|---------------------------------|---------------------------------------|
| \$ 374,174,247 | 100.71% | 400,938 | 940 |
| 410,514,191 | 130.75% | 411,273 | 1305 |
| 454,641,259 | 129.57% | 412,517 | 1428 |
| 493,479,516 | 135.03% | 413,645 | 1611 |
| 533,535,674 | 139.75% | 422,326 | 1765 |
| 616,220,416 | 125.91% | 425,403 | 1824 |
| 657,711,218 | 120.91% | 435,885 | 1824 |
| 697,099,022 | 116.85% | 429,954 | 1895 |
| 704,727,819 | 117.60% | 435,105 | 1905 |
| 760,971,311 | 106.10% | 429,292 | 1881 |

**Minneapolis Public Schools
Special School District No. 1
Ratio of Annual Debt Expenditures to General Fund Expenditures
Last Ten Fiscal Years**

| Fiscal Year | Principal | Interest and Other Charges | Total Debt Service Expenditures | Total General Fund Expenditures | Percent of Debt Service to General Fund Expenditures |
|-------------|----------------|-------------------------------|---------------------------------------|---------------------------------------|---|
| 2014 | \$ 142,325,000 | \$ 16,199,472 | \$ 158,524,472 | \$ 536,856,294 | 29.53 % |
| 2015 | 57,345,000 | 15,712,382 | 73,057,382 | 575,893,150 | 12.69 |
| 2016 | 65,651,000 | 22,474,693 | 88,125,693 | 606,384,716 | 14.53 |
| 2017 | 54,410,000 | 24,365,539 | 78,775,539 | 605,929,828 | 13.00 |
| 2018 | 51,925,000 | 28,224,134 | 80,149,134 | 593,617,102 | 13.50 |
| 2019 | 57,190,000 | 31,055,389 | 88,245,389 | 567,963,106 | 15.54 |
| 2020 | 58,285,000 | 32,919,855 | 91,204,855 | 577,344,220 | 15.80 |
| 2021 | 59,770,000 | 33,761,265 | 93,531,265 | 584,833,448 | 15.99 |
| 2022 | 69,864,767 | 35,423,870 | 105,288,637 | 648,092,852 | 16.25 |
| 2023 | 72,540,501 | 35,843,234 | 108,383,735 | 640,898,978 | 16.91 |

**Minneapolis Public Schools
Special School District No. 1
Direct and Overlapping Debt
as of June 30, 2023**

| Governmental Unit | General Obligation Debt | 2023 Tax Capacity Value | Percent of Debt Applicable | Amount of Debt Applicable |
|-----------------------------------|-------------------------------|-------------------------------|----------------------------------|---------------------------------|
| Overlapping debt | | | | |
| City of Minneapolis | \$ 344,315,000 | \$ 760,971,267 | 100.00 % | \$ 344,315,000 |
| Hennepin County | 1,127,985,000 | 2,672,668,521 | 28.48 | 321,250,128 |
| Hennepin County (HCRRA) | 86,235,000 | 1,911,697,254 | 28.48 | 24,559,728 |
| Metropolitan Council | 238,225,000 | 2,670,713,808 | 13.56 | 32,303,310 |
| Total overlapping debt | 1,796,760,000 | 8,016,050,850 | | 722,428,166 |
| Direct debt | | | | |
| ISD No. 001 | 585,995,000 | 760,971,311 | 100.00 | 585,995,000 |
| Total direct and overlapping debt | \$ 4,179,515,000 | \$ 16,793,073,011 | | \$ 2,030,851,332 |

Source . General obligation debt and amount applicable debt data - The Official Statement associated with the District's 2023A, and 2023B(prepared by PFM)

Source . Tax capacity data from other entities were provided Hennipen County

Source . Internal data reports were used for the District's data

**Minneapolis Public Schools
Special School District No. 1
Legal Debt Margin Information
Last Ten Fiscal Years**

| | Fiscal Year | | | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2014 | 2015 | 2016 | 2017 |
| Debt limit | \$ 4,952,770,797 | \$ 5,444,370,255 | \$ 6,001,102,721 | \$ 6,560,046,236 |
| Total net debt applicable to the limit | <u>231,059,862</u> | <u>262,202,375</u> | <u>288,578,917</u> | <u>356,637,674</u> |
| Legal debt margin | <u>\$ 4,721,710,935</u> | <u>\$ 5,182,167,880</u> | <u>\$ 5,712,523,804</u> | <u>\$ 6,203,408,562</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 4.67% | 4.82% | 4.81% | 5.44% |

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

Source: *State of Minnesota School Tax Report*

| Fiscal Year | | | | | |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| \$ 7,137,883,193 | \$ 7,845,375,041 | \$ 8,379,055,812 | \$ 8,821,810,127 | \$ 9,007,148,730 | \$ 9,571,313,759 |
| 409,776,185 | 461,261,093 | 488,361,678 | 520,297,973 | 533,457,965 | 542,789,886 |
| <u>\$ 6,728,107,008</u> | <u>\$ 7,384,113,948</u> | <u>\$ 7,890,694,134</u> | <u>\$ 8,301,512,154</u> | <u>\$ 8,473,690,765</u> | <u>\$ 9,028,523,873</u> |
| 5.74% | 5.88% | 5.83% | 5.90% | 5.92% | 5.67% |

Legal Debt Margin Calculation for Fiscal Year 2023

| | |
|---|----------------------|
| Market value | \$ 63,808,758,391 |
| Debt limit (15% of market value) | 9,571,313,759 |
| Debt applicable to limit | |
| General obligation bonds | 585,995,000 |
| Less amount set aside for repayment of general obligation debt | <u>43,205,114</u> |
| Total net debt applicable to the limit | <u>\$629,200,114</u> |
| Legal debt margin | <u>\$ -</u> |

**Minneapolis Public Schools
Special School District No. 1
Demographic and Economic Statistics
Last Ten Fiscal Years**

| Fiscal Year | Population (1) | Personal Income | Per Capita Personal Income (2) | Median Age (3) | Households (2) |
|-------------|----------------|--------------------|--------------------------------------|----------------|----------------|
| 2014 | 400,938 | \$ 13,147,157,958 | \$ 32,791 | 32.1 | 170,195 |
| 2015 | 411,273 | 13,063,675,572 | 31,764 | 31.8 | 175,119 |
| 2016 | 412,517 | 14,340,328,471 | 34,763 | 32.4 | 176,878 |
| 2017 | 413,645 | 14,281,920,915 | 34,527 | 32.0 | 179,807 |
| 2018 | 422,326 | 16,103,712,706 | 38,131 | 32.4 | 176,807 |
| 2019 | 425,403 | 15,770,114,613 | 37,071 | 32.1 | 173,916 |
| 2020 | 435,885 | 16,915,825,080 | 38,808 | 32.2 | 176,974 |
| 2021 | 429,954 | 16,717,041,474 | 38,881 | 32.3 | 178,886 |
| 2022 | 435,105 | 19,111,987,125 | 43,925 | 33.5 | 182,419 |
| 2023 | 429,292 | N/A | N/A | N/A | N/A |

Data sources:

- Note 1: Information was provided as of December 31st (six month lag on reporting of data)
- Note 2: Population provided by Metropolitan Council (calander year)
- Note 3: Per Capita Income - U.S. Census Bureau - American Community Survey Table DP03 - 1 Year Estimate (calander year)
- Note 4: Median Age - U.S. Census Bureau - American Community Survey Table DP05 - 1 Year Estimate (calander year)
- Note 5: Personal Income = Population x Per Capita Income (calander year)
- Note 6: Jobs data from MN DEED/QCEW tables; (calander year)
- Note 7: Annual Average Unemployment Rate - from MN DEED/LAUS tables (calander year)
- Note 8: Median Household Income - U.S. Census Bureau - American Community Survey - 1 Year Estimate (calander year)
- Note 9: School enrollement provided by Minnesota Department of Education (June fiscal year-end)

| Jobs (5) | Median Household Income (2) | School Enrollment (8) | Annual Average Unemployment Rate (2) |
|----------|-----------------------------|-----------------------|--------------------------------------|
| 303,135 | \$ 50,563 | 35,226 | 4.6 % |
| 308,714 | 50,791 | 35,386 | 3.8 |
| 317,475 | 54,571 | 35,449 | 3.4 |
| 324,620 | 56,255 | 35,380 | 3.4 |
| 327,355 | 60,789 | 35,020 | 3.2 |
| 332,175 | 58,993 | 34,088 | 2.5 |
| 339,242 | 62,583 | 33,202 | 2.6 |
| 309,636 | 66,068 | 31,393 | 4.8 |
| 314,809 | 70,099 | 29,077 | 2.5 |
| 316,728 | N/A | 28,290 | 2.8 |

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**Minneapolis Public Schools
Special School District No. 1
Principal Employers
Current Year and Nine Years Ago**

| Employer | 2023 | | | 2014 | | |
|-------------------------------|---------------------------------------|------|---|---------------------------------------|------|---|
| | Approximate Number of Employees | Rank | Percentage of Total District Employment | Approximate Number of Employees | Rank | Percentage of Total District Employment |
| University of Minnesota | 24,336 | 1 | 7.7 % | 14,000 | 1 | 4.6 % |
| Allina Health | 10,717 | 2 | 3.4 | 10,800 | 4 | 3.5 |
| Target Corporation | 7,100 | 3 | 2.2 | 12,100 | 2 | 4.0 |
| Hennepin Healthcare | 6,993 | 4 | 2.2 | 6,300 | 6 | 2.1 |
| Hennepin County | 5,524 | 5 | 1.7 | 6,000 | 7 | 2.0 |
| Wells Fargo Bank | 5,500 | 6 | 1.7 | 11,000 | 3 | 3.6 |
| Ameriprise Financial Services | 4,501 | 7 | 1.4 | 4,900 | 9 | 1.6 |
| US Bancorp | 4,364 | 8 | 1.4 | * | | |
| Xcel Energy | 2,686 | 9 | 0.8 | * | | |
| City of Minneapolis | 1,954 | 10 | 0.6 | 4,800 | 10 | 1.6 |
| Fairview Health Services | | | | 10,000 | 5 | 3.3 |
| Minneapolis Public Schools | | | | 5,800 | 8 | 1.9 |
| | <u>73,675</u> | | <u>23.30 %</u> | <u>85,700</u> | | <u>28.1 %</u> |

Source: City of Minneapolis ACFR (2022)

* Employer not part of top ten employers in 2013 City of Minneapolis Report

**Minneapolis Public Schools
Special School District No. 1
Employees by Classification
Last Ten Fiscal Years**

| | Fiscal Year | | | | | |
|----------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| ABE Teachers | 44.7 | 56.6 | 54.2 | 54.2 | 56.8 | 56.6 |
| AFSCME | 295.9 | 314.3 | 336.1 | 323.3 | 317.9 | 298.5 |
| AMP | 23.0 | 119.7 | 112.3 | 118.6 | 121.6 | 146.5 |
| Board Members | 0.8 | 9.0 | 9.0 | 9.0 | 9.0 | 9.0 |
| CLT (until 2014) | 27.1 | - | - | - | - | - |
| ELT (until 2014) | 99.0 | - | - | - | - | - |
| Employment Contracts | 50.6 | 44.7 | 39.6 | 35.9 | 27.4 | 6.3 |
| ESP | 1,228.3 | 1,333.1 | 1,431.2 | 1,510.1 | 1,438.5 | 1,367.0 |
| Food Service | 146.6 | 141.3 | 170.7 | 192.3 | 199.8 | 210.8 |
| Grounds/Stockworkers | 19.0 | 20.0 | 19.0 | 20.0 | 20.0 | 20.0 |
| Intermittent/Clerica | 0.1 | 11.0 | 11.0 | 11.0 | 10.0 | 10.0 |
| Janitor/Eng/Bus/Ice | 265.2 | 280.2 | 291.6 | 263.0 | 274.0 | 270.0 |
| MAAC (until 2014) | 86.3 | - | - | - | - | - |
| MAAS | - | 131.8 | 140.3 | 123.2 | 126.1 | 113.0 |
| MACA | 115.5 | 126.5 | 117.5 | 117.6 | 124.0 | 115.0 |
| Machinists | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| MPSASP (until 2014) | 81.9 | - | - | - | - | - |
| Non-Represented | - | 66.0 | 42.0 | 43.0 | 39.0 | 40.0 |
| Principals | 102.0 | 121.0 | 124.0 | 130.0 | 128.0 | 122.0 |
| SSS (until 2015) | 11.8 | 10.8 | 2.0 | - | - | - |
| Superintendent | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Teachers | 3,128.6 | 3,403.3 | 3,571.9 | 3,593.4 | 3,472.0 | 3,306.4 |
| Trade-Bricklayer | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Trade-Carpenter | 9.0 | 9.0 | 10.0 | 10.0 | 10.0 | 9.0 |
| Trade - Cement Mason | - | - | - | - | - | - |
| Trade-Electrician | 9.0 | 10.0 | 10.0 | 13.0 | 12.0 | 12.0 |
| Trade-Electronics | 5.0 | 5.0 | 6.0 | 7.0 | 8.0 | 8.0 |
| Trade-Glazier | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 2.0 |
| Trade - Ironworker | - | - | - | - | - | - |
| Trade-Painter | 16.0 | 16.0 | 16.0 | 16.0 | 16.0 | 11.0 |
| Trade-Pipefitter | 22.0 | 22.0 | 23.0 | 24.0 | 24.0 | 24.0 |
| Trade-Plasterer | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Trade-Plaster Tender | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Trade-Plumber | 9.0 | 9.0 | 9.0 | 10.0 | 10.0 | 9.0 |
| Trade-Roofer | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| Trade-Sheet Metal | 14.0 | 15.0 | 15.0 | 16.0 | 16.0 | 16.0 |
| Trade-Sprinkler Fit | 2.0 | 3.0 | 2.3 | 2.3 | 2.3 | 2.3 |
| Transportation | 202.0 | 195.0 | 191.0 | 182.0 | 179.0 | 188.0 |
| | <u>6,027.4</u> | <u>6,486.3</u> | <u>6,767.7</u> | <u>6,837.9</u> | <u>6,654.4</u> | <u>6,382.4</u> |

Source: Internal records of Minneapolis Public Schools

| Fiscal Year | | | |
|----------------|----------------|----------------|----------------|
| 2020 | 2021 | 2022 | 2023 |
| 52.3 | 36.2 | 34.8 | 33.0 |
| 310.8 | 294.5 | 287.4 | 311.0 |
| 200.9 | 199.9 | 222.0 | 270.2 |
| 9.0 | 9.0 | 9.0 | 9.0 |
| - | - | - | - |
| - | - | - | - |
| 6.8 | 3.7 | 3.6 | 8.1 |
| 1,367.4 | 1,276.6 | 1,222.5 | 1,536.2 |
| 233.2 | 237.6 | 240.5 | 214.4 |
| 21.0 | 20.0 | 20.0 | 19.0 |
| 10.0 | | | |
| 278.0 | 256.0 | 285.5 | 256.5 |
| - | | | |
| 117.8 | 113.4 | 109.9 | 169.4 |
| 127.0 | 125.0 | 125.0 | 150.0 |
| 1.0 | 1.0 | 1.0 | 1.0 |
| - | | | |
| 33.0 | 31.0 | 32.0 | 30.0 |
| 121.0 | 117.0 | 118.0 | 119.0 |
| - | | | |
| 1.0 | 1.0 | 1.0 | 1.0 |
| 3,361.1 | 3,215.2 | 3,228.4 | 3,253.4 |
| 1.0 | 1.0 | 1.0 | 1.0 |
| 9.0 | 12.0 | 12.0 | 12.0 |
| - | | | |
| 6.0 | 5.0 | 2.5 | 4.5 |
| 8.0 | 8.0 | 8.0 | 8.0 |
| 2.0 | 2.0 | 2.0 | 2.0 |
| - | | | |
| 11.0 | 11.0 | 11.0 | 11.0 |
| 24.0 | 24.0 | 24.0 | 24.0 |
| 1.0 | 1.0 | 1.0 | 1.0 |
| 1.0 | 1.0 | 1.0 | 1.0 |
| 9.0 | 9.0 | 9.0 | 9.0 |
| 5.0 | 5.0 | 5.0 | 5.0 |
| 16.0 | 16.0 | 18.0 | 18.0 |
| 2.3 | 2.5 | 2.5 | 3.0 |
| 169.9 | 164.6 | 164.6 | 154.8 |
| <u>6,516.5</u> | <u>6,199.2</u> | <u>6,202.2</u> | <u>6,635.5</u> |

**Minneapolis Public Schools
Special School District No. 1
Student Enrollment
as of June 30, 2023**

| Year Ended June 30, | Average Daily Membership (ADM) | | | | | Total Pupil Units |
|------------------------|-------------------------------------|--------------|------------|-----------|-----------|----------------------|
| | Handicapped and Pre-Kindergarten | Kindergarten | Elementary | Secondary | Total | |
| 2014 | 781.23 | 3,044.21 | 17,913.09 | 13,487.42 | 35,225.95 | 39,818.34 |
| 2015 | 791.33 | 2,890.75 | 17,964.39 | 13,739.74 | 35,386.21 | 38,134.14 |
| 2016 | 765.59 | 2,821.67 | 17,865.38 | 13,996.06 | 35,448.70 | 38,247.91 |
| 2017 | 554.92 | 2,961.59 | 17,349.56 | 14,513.50 | 35,379.57 | 38,282.27 |
| 2018 | 625.60 | 2,933.68 | 16,800.37 | 14,660.08 | 35,019.73 | 37,951.60 |
| 2019 | 610.58 | 2,898.31 | 16,105.80 | 14,473.40 | 34,088.09 | 36,982.64 |
| 2020 | 605.53 | 2,934.53 | 15,598.05 | 14,064.16 | 33,202.27 | 36,015.12 |
| 2021 | 590.60 | 2,419.57 | 14,656.99 | 13,726.15 | 31,393.31 | 34,138.56 |
| 2022 | 469.04 | 2,510.56 | 13,174.49 | 12,922.83 | 29,076.92 | 31,661.46 |
| 2023 | 881.79 | 2086.79 | 13048.21 | 12273.65 | 28,290.44 | 30745.18 |

Source: *Minnesota Department of Education student reporting system*

**Minneapolis Public Schools
Special School District No. 1
Operating Statistics
as of June 30, 2023**

| Year Ended June 30, | Enrollment | Operating Expenditures | Cost Per Pupil | Percentage Change | Teaching Staff | Pupil/ Teacher Ratio | Percentage of Students Receiving Free or Reduced Priced Meals |
|------------------------|------------|---------------------------|-------------------|----------------------|-------------------|-------------------------|---|
| 2014 | 35,225.95 | \$ 595,305,890 | \$ 16,900 | -1.0 % | 3,129 | 11.26 | 65.1 % |
| 2015 | 35,386.21 | 642,471,464 | 18,156 | 7.4 | 3,403 | 10.40 | 64.2 |
| 2016 | 35,448.70 | 676,678,987 | 19,089 | 5.1 | 3,572 | 9.92 | 63.0 |
| 2017 | 35,379.57 | 688,450,396 | 19,459 | 1.9 | 3,593 | 9.85 | 61.9 |
| 2018 | 35,019.73 | 675,008,870 | 19,275 | -0.9 | 3,472 | 10.09 | 60.1 |
| 2019 | 34,088.09 | 678,770,837 | 19,912 | 3.3 | 3,306 | 10.31 | 59.3 |
| 2020 | 33,202.27 | 662,099,207 | 19,941 | 0.1 | 3,361 | 9.88 | 57.5 |
| 2021 | 31,393.31 | 667,331,659 | 21,257 | 6.6 | 3,215 | 9.76 | 55.3 |
| 2022 | 29,076.92 | 703,719,989 | 24,202 | 13.9 | 3,228 | 9.01 | 49.9 |
| 2023 | 28,290.44 | 712,420,403 | 25,182 | 4.1 | 3,253 | 8.70 | 59.1 |

Note: Operating expenditures are total expenditures less debt service and capital outlays

Source: *Nonfinancial information from district records*

**Minneapolis Public School
Special School District No. 1
Building Information
as of June 30, 2023**

| Facility | Constructed | Square Feet | Capacity | 2022 - 2023 Enrollment |
|---|-------------|-------------|----------|---------------------------|
| Elementary Schools | | | | |
| Armatage | 1952 | 99,647 | 607 | 352 |
| Bancroft | 1912 | 106,241 | 579 | 382 |
| Barton Community | 1915 | 83,752 | 686 | 479 |
| Bethune Arts | 1968 | 75,615 | 546 | 236 |
| Bryn Mawr Community | 1908 | 102,658 | 647 | 331 |
| Burroughs Community | 1926/2003 | 100,367 | 662 | 470 |
| Cityview | 1999 | 121,588 | 710 | 183 |
| Dowling | 1924 | 88,608 | 512 | 302 |
| Ella Baker | 1923 | 156,450 | 844 | 604 |
| Emerson Spanish Dual Immersion | 1926 | 57,061 | 410 | 524 |
| Field Community | 1921 | 81,171 | 476 | 294 |
| Folwell | 1931 | 140,629 | 893 | 361 |
| Green Central Dual Language | 1977 | 117,773 | 590 | 548 |
| Hale Community | 1930 | 81,807 | 569 | 317 |
| Hall STEM Academy | 1960 | 81,030 | 514 | 176 |
| Hiawatha (Hiawatha Community) | 1916 | 40,888 | 322 | 236 |
| Hmong International Academy (Jordan Park) | 1999 | 123,293 | 771 | 219 |
| Howe (Hiawatha Community) | 1927 | 36,161 | 284 | 236 |
| Kenny Community | 1954 | 60,104 | 437 | 308 |
| Kenwood Community | 1908 | 65,699 | 456 | 386 |
| Lake Harriet Community Lower | 1924 | 63,646 | 511 | 300 |
| Lake Harriet Community Upper | 1915 | 59,896 | 615 | 287 |
| Lake Nokomis Community Keewaydin Campus | 1928 | 86,050 | 556 | 357 |
| Lake Nokomis Community Wenonah Campus | 1952 | 44,827 | 303 | 174 |
| Las Estrellas/ Sheridan Dual Language | 1967/1932 | 148,005 | 739 | 350 |
| Lind Elementary | 1995 | 96,693 | 563 | 254 |
| Loring Community | 1928 | 59,896 | 398 | 296 |
| Lucy Craft Laney at Cleveland Park | 2000 | 109,026 | 710 | 331 |
| Lyndale Elementary | 1968 | 97,506 | 664 | 360 |
| Marcy Arts Elementary | 1992 | 78,957 | 706 | 481 |
| Nellie Stone Johnson Community | 2001 | 125,150 | 756 | 189 |
| Northrop/ Ericsson | 1916 | 64,421 | - | 374 |
| Pillsbury Community | 1907/1991 | 87,705 | 579 | 377 |
| Prairie Community | 1898 | 42,437 | 290 | 209 |
| Seward Montessori | 1887/1966 | 126,726 | 934 | 602 |
| Tuttle (vacant) | 1910 | 63,305 | - | - |
| Waite Park Community | 1950 | 60,073 | 512 | 272 |
| Webster | 1974 | 73,414 | 411 | 241 |
| Whittier | 1882/1997 | 142,460 | 681 | 394 |
| Willard (vacant) | 1910 | 53,635 | - | - |
| Windom | 1920 | 73,618 | 474 | 381 |
| Middle Schools | | | | |
| Andersen United | 1975 | 232,557 | 1,532 | 917 |
| Anthony | 1957 | 139,590 | 810 | 763 |
| Anwatin | 1959 | 146,771 | 807 | 324 |
| Franklin STEAM | 1970 | 125,794 | 617 | 282 |
| Justice Page | 1931 | 156,856 | 1,135 | 929 |
| Lincoln (vacant) | 1922 | 155,831 | - | - |
| Northeast Middle | 1956 | 173,080 | 878 | 511 |
| Olson, Floyd B. | 1962 | 114,959 | 605 | 361 |
| River Bend Educational Center (K - 8th) W Harry Davis | 1995 | 93,483 | 533 | 82 |
| Sanford | 1926 | 150,680 | 960 | 733 |
| Sullivan STEAM (K-8) <i>Anishinabe (K-5)</i> | 1949 | 214,421 | 1,279 | 599 206 |
| High Schools | | | | |
| Edison | 1922 | 257,922 | 1,318 | 874 |
| FAIR School Downtown <i>Wellstone International (program) moving to MCTC FY23</i> | 1998 | 86,150 | 600 | 311 183 |
| Harrison Education Center | 1998 | 54,793 | 246 | 32 |
| Henry | 1926 | 241,971 | 1,335 | 824 |
| Longfellow Alternative and TPS | 1918 | 42,733 | 417 | 56 |
| North Community | 1972 | 287,113 | 1,678 | 451 |
| Roosevelt | 1922 | 324,718 | 1,743 | 1,022 |
| South | 1970 | 283,094 | 2,072 | 1,359 |
| Southwest | 1940 | 295,832 | 2,092 | 1,456 |
| Stadium View | - | - | - | - |
| Washburn | 1925 | 256,430 | 1,552 | 1,556 |
| Other | | | | |
| Adult Basic Education (ABE) South Campus (2015 E Lake St) <i>Transition Plus (ages 18-21)</i> | 2018 | 134,340 | - | 71 243 |
| Adult Basic Education (ABE) North Campus (800 W Broadway) | 2017 | 22,009 | - | - |
| MPS K-12 Online School | - | - | - | 510 |
| Northstar (Admin) <i>Mona Moede Early Learning Center</i> | 1975 | 144,197 | - | - |
| Wilder <i>Early Childhood Special Education (program)</i> <i>Heritage Academy (program)</i> | 1967 | 205,536 | 1,622 | - 418 104 |
| Administrative | | | | |
| Davis Center | 2012 | 173,768 | - | - |
| Maintenance and Operations Building | 1995 | 89,729 | - | - |
| Nutrition Center | 1975 | 73,143 | - | - |
| Victory Memorial Ice Arena (vacant) | 1974 | 27,725 | - | - |

*Information related to private alternatives are not displayed above

Source: Nonfinancial information from district records