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BOARD OF EDUCATION

Working Meeting - Monday, December 4, 2023 - 3:00 PM
Creekside
16000 41st Ave N.
Plymouth, MN 55446

Minutes of Work Session Meeting

A Work Session Meeting of the Board of Education of Wayzata Public Schools was held Monday, December 4, 2023, beginning at 3:00 PM in the Creekside 16000 41st Ave N. Plymouth, MN 55446.

1. ROLL CALL/CALL TO ORDER

A. Finance and Operation Reports

1. Audit Report

i. 2023 Wayzata Prelim Management Report 2

ii. 2023 Wayzata Prelim ACFR 21

iii. Special Reports

1. 2023 Wayzata Prelim CAP 170

2. 2023 Wayzata Prelim Special Purpose Report 172

2. ADJOURN

Management Report
for
Independent School District No. 28
Wayzata, Minnesota
June 30, 2022

Preliminary Draft

To the School Board and Management of
Independent School District No. 284
Wayzata, Minnesota

We have prepared this management report in conjunction with our audit of Independent School District No. 284's (the District) financial statements for the year ended June 30, 2023. We have organized this report into the following sections:

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

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

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

Minneapolis, Minnesota
INSERT DATE

AUDIT SUMMARY

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

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA, *GOVERNMENT AUDITING STANDARDS*, AND TITLE 2 U.S. CODE OF FEDERAL REGULATIONS PART 200, *UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE)*

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

PLANNED SCOPE AND TIMING OF THE AUDIT

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

AUDIT OPINIONS AND FINDINGS

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

- We have issued unmodified opinions on the District's basic financial statements. Our report included a paragraph emphasizing the District's implementation of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, during the year. Our opinion was not modified with respect to this matter.
- We reported one deficiency in the District's internal control over financial reporting that we considered to be a material weakness.
 - During our audit, we proposed audit adjustments totaling \$1,097,618 necessary to record additional contracts payable by the District that were considered material to the financial statements, which had not been recorded properly in accordance with accounting principles generally accepted in the United States of America, prior to our audit procedures detecting the misstatement.
- The results of our testing disclosed no instances of noncompliance required to be reported under *Government Auditing Standards*.
- We reported that the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements.
- The results of our testing indicate that the District has complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on each of its major federal programs.

- We reported no deficiencies in the District’s internal controls over compliance that we considered to be material weaknesses with the types of compliance requirements that could have a direct and material effect on each of its major federal programs.
- We reported no findings based on our testing of the District’s compliance with Minnesota laws and regulations.

SIGNIFICANT ACCOUNTING POLICIES

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

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

As described in Note 1 of the notes to the basic financial statements, the District implemented GASB Statement No. 96, during fiscal year ended June 30, 2023. This standard changed the way SBITA transactions are reported by the District, which did not result in a restatement of beginning net position in the current year.

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

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS

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

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

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

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

The District has recorded activity for other post-employment benefits (OPEB) and pension benefits. These obligations are calculated using actuarial methodologies primarily described in GASB Statement Nos. 68, 73, 74, and 75. These actuarial calculations include significant assumptions, including projected changes, healthcare insurance costs, investment returns, retirement ages, proportionate share, and employee turnover.

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

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

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

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

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

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

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

CORRECTED AND UNCORRECTED MISSTATEMENTS

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

DISAGREEMENTS WITH MANAGEMENT

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

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated INSERT DATE.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

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

OTHER AUDIT FINDINGS OR ISSUES

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

OTHER MATTERS

We applied certain limited procedures to the management’s discussion and analysis and the pension and OPEB-related required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

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

FINANCIAL TRENDS IN PUBLIC EDUCATION IN MINNESOTA

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

BASIC GENERAL EDUCATION REVENUE

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

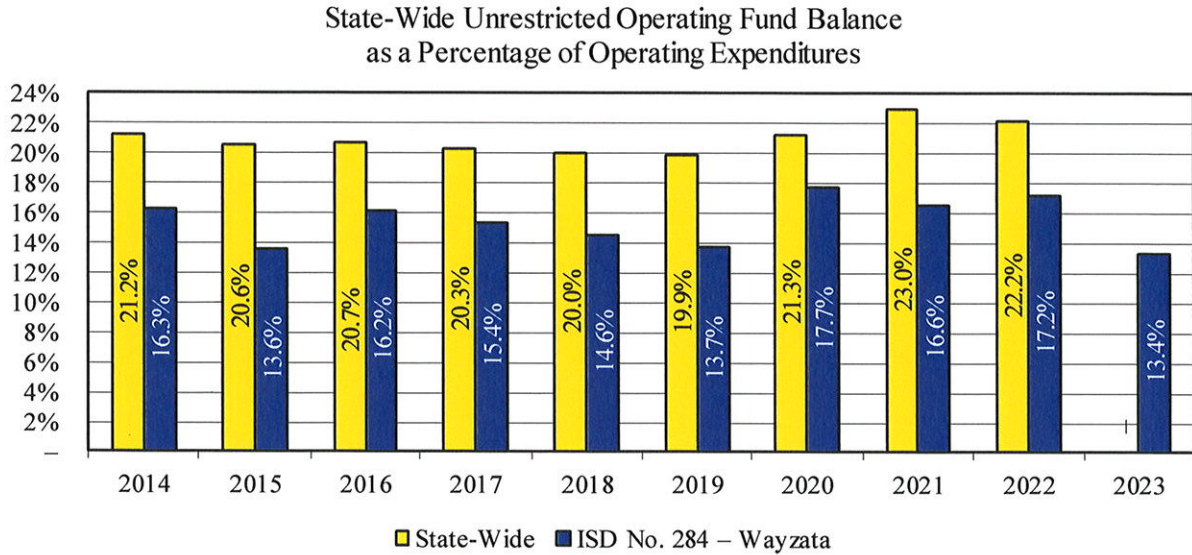
The table below presents a summary of the formula allowance for the past decade and as approved for the next two fiscal years. The 2023 Legislature approved per pupil increases of \$275 for fiscal 2024 and \$143 for fiscal 2025. The amount of the formula allowance and the percentage change from year-to-year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

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

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

STATE-WIDE SCHOOL DISTRICT FINANCIAL HEALTH

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



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

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

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

The District's unrestricted operating fund balance as a percentage of operating expenditures was 13.4 percent at the end of the current year, as compared to 17.2 percent at June 30, 2022.

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

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

Governmental Funds Revenue per Student (ADM) Served								
	State-Wide		Metro Area		ISD No. 284 – Wayzata			
	2021	2022	2021	2022	2021	2022	2023	
General Fund								
Property taxes	\$ 2,576	\$ 2,645	\$ 3,411	\$ 3,506	\$ 5,353	\$ 5,676	\$ 5,474	
Other local sources	438	571	323	446	378	580	660	
State	10,514	10,504	10,517	10,536	9,004	9,256	9,394	
Federal	992	1,335	956	1,397	729	570	386	
Total General Fund	14,520	15,055	15,207	15,885	15,464	16,082	15,914	
Special revenue funds								
Food Service	576	803	568	770	452	806	644	
Community Service	612	731	684	836	664	1,099	1,102	
Debt Service Fund	1,512	1,508	1,549	1,537	1,221	1,273	1,333	
Total revenue	<u>\$ 17,220</u>	<u>\$ 18,097</u>	<u>\$ 18,008</u>	<u>\$ 19,028</u>	<u>\$ 17,801</u>	<u>\$ 19,260</u>	<u>\$ 18,993</u>	
ADM served per MDE School District Profiles Report (current year estimated)					<u>11,950</u>	<u>11,901</u>	<u>12,331</u>	
Note: Excludes the Capital Projects – Building Construction Fund.								
Source of state-wide and metro area data: School District Profiles Report published by the MDE								

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

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

The District received \$234,210,202 in the governmental funds reflected above in fiscal 2023, an increase of \$4,996,110 (2.2 percent) from the prior year. On a per student basis, this represents a decrease of \$267 with increasing enrollment. General Fund property tax revenue was \$202 per ADM lower than last year, primarily due to a level tax levy with increasing enrollment. Federal sources decreased \$184 per ADM, with fewer pandemic-related funding entitlements recognized in the current year. These decreases were offset by an increase in state sources and other local sources. State sources increased \$138 per ADM, mainly in general education revenue with an increase in enrollment and funding improvements. Revenues in other local sources in the General Fund increased mainly in investment earnings, due to improved investment market performance and interest rates. Food service revenues were down with the end of the federal program providing free meals for all students in the current year. Debt Service Fund revenue per capita was up in the current year, due to a planned increase in the regular debt service levy.

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

Governmental Funds Expenditures per Student (ADM) Served								
	State-Wide		Metro Area		ISD No. 284 – Wayzata			
	2021	2022	2021	2022	2021	2022	2023	
General Fund								
Administration and district support	\$ 1,184	\$ 1,249	\$ 1,205	\$ 1,300	\$ 850	\$ 957	\$ 968	
Elementary and secondary regular instruction	6,198	6,494	6,527	6,838	6,807	7,101	7,022	
Vocational education instruction	197	210	179	191	306	318	266	
Special education instruction	2,626	2,724	2,792	2,883	1,876	1,862	1,973	
Instructional support services	812	816	917	939	1,343	1,323	1,377	
Pupil support services	1,228	1,429	1,285	1,558	1,302	1,477	1,552	
Sites and buildings and other	1,083	1,113	1,052	1,076	1,546	1,710	1,977	
Total General Fund – noncapital	13,328	14,035	13,957	14,785	14,030	14,748	15,135	
General Fund capital expenditures	793	876	815	897	1,273	771	479	
Total General Fund	14,121	14,911	14,772	15,682	15,303	15,519	15,614	
Special revenue funds								
Food Service	532	670	522	659	469	680	626	
Community Service	610	689	682	774	806	936	963	
Debt Service Fund	1,576	1,599	1,609	1,561	1,219	1,325	1,272	
Total expenditures	<u>\$ 16,839</u>	<u>\$ 17,869</u>	<u>\$ 17,585</u>	<u>\$ 18,676</u>	<u>\$ 17,797</u>	<u>\$ 18,460</u>	<u>\$ 18,475</u>	
ADM served per MDE School District Profiles Report (current year estimated)					<u>11,950</u>	<u>11,901</u>	<u>12,331</u>	
Note: Excludes the Capital Projects – Building Construction Fund.								
Source of state-wide and metro area data: School District Profiles Report published by the MDE								

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

The District spent \$227,820,186 in the governmental funds reflected above in fiscal 2023, an increase of \$8,144,658 (3.7 percent) from the prior year, which represents an increase of \$15 per ADM. General Fund operating expenditures increased \$387 per ADM, mainly in sites and buildings and other (\$267 per ADM) and special education instruction (\$111 per ADM). Sites and buildings and other increased in purchased services costs, due to long-term facilities maintenance projects in the current year and increased utility costs. Special education instruction increased mainly in salaries and employee benefits, with contractual increases and additional staffing in social workers. General Fund capital expenditures decreased \$292 per ADM, due to the timing of projects. Food Service Special Revenue Fund expenditures decreased \$54 per ADM, consistent with the decrease in revenues. Debt Service Fund expenditures decreased \$53 per ADM, with level debt service costs and increasing enrollment.

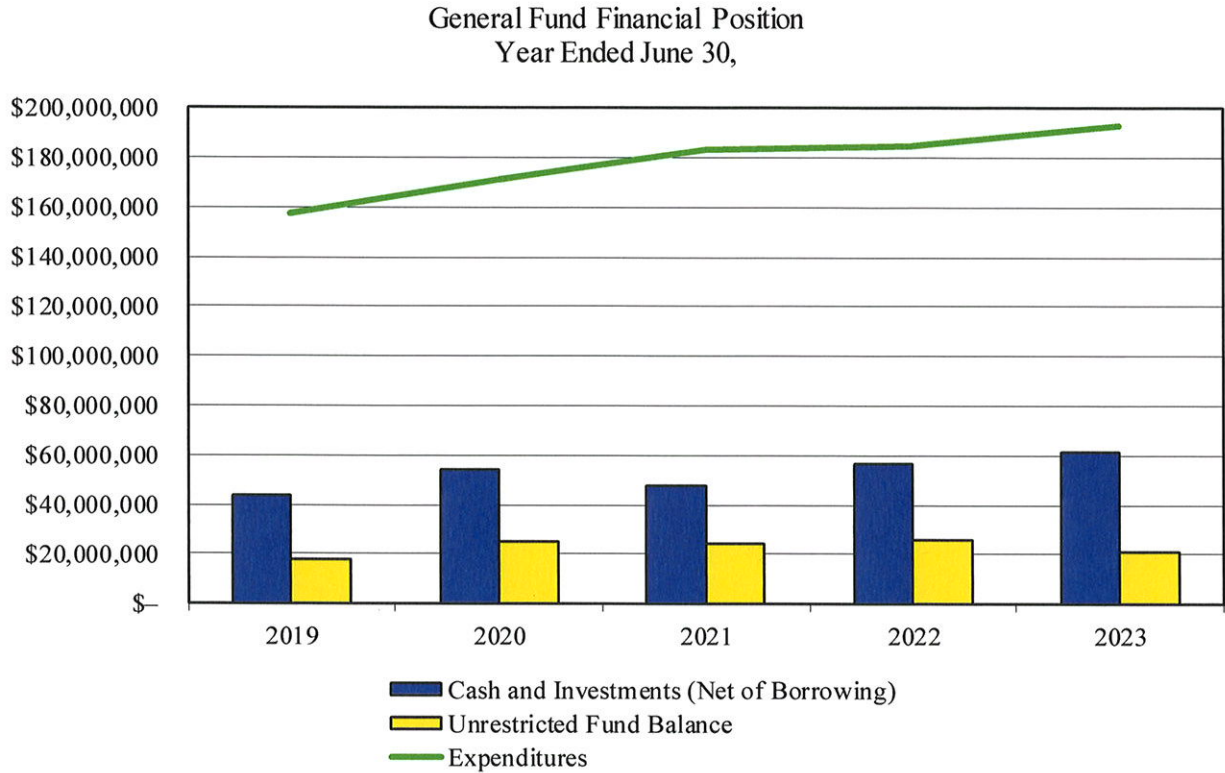
SUMMARY

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

FINANCIAL TRENDS OF YOUR DISTRICT

GENERAL FUND FINANCIAL POSITION

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



The District ended fiscal year 2023 with a General Fund cash balance (net of interfund borrowing, excluding cash and investments held with trustee) of \$61,281,436, an increase of \$4,686,228 from the prior year. Total fund balance at year-end was \$40,953,327, an increase of \$5,880,190, compared to a decrease of \$6,566,962 approved in the final budget.

GENERAL FUND COMPONENTS OF FUND BALANCE

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

	June 30,				
	2019	2020	2021	2022	2023
Nonspendable fund balances	\$ 316,399	\$ 611,106	\$ 608,414	\$ 155,695	\$ 196,362
Restricted fund balances (1)	7,600,701	6,354,302	2,174,797	8,513,378	19,675,220
Unrestricted fund balances					
Assigned	5,369,294	5,529,336	7,775,597	11,348,017	8,002,652
Unassigned	12,681,756	19,452,216	16,298,209	15,056,047	13,079,093
Total fund balance	\$ 25,968,150	\$ 31,946,960	\$ 26,857,017	\$ 35,073,137	\$ 40,953,327
Total expenditures	\$ 157,201,516	\$ 171,077,324	\$ 182,882,315	\$ 184,673,419	\$ 192,549,651
Unrestricted fund balances as a percentage of expenditures	<u>11.5%</u>	<u>14.6%</u>	<u>13.2%</u>	<u>14.3%</u>	<u>10.9%</u>
Unassigned fund balances as a percentage of expenditures	<u>8.1%</u>	<u>11.4%</u>	<u>8.9%</u>	<u>8.2%</u>	<u>6.8%</u>
(1) Includes deficits in restricted fund balance accounts allowed to accumulate deficits under UFARS, which are part of unassigned fund balance on the accounting principles generally accepted in the United States of America-based financial statements.					

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

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

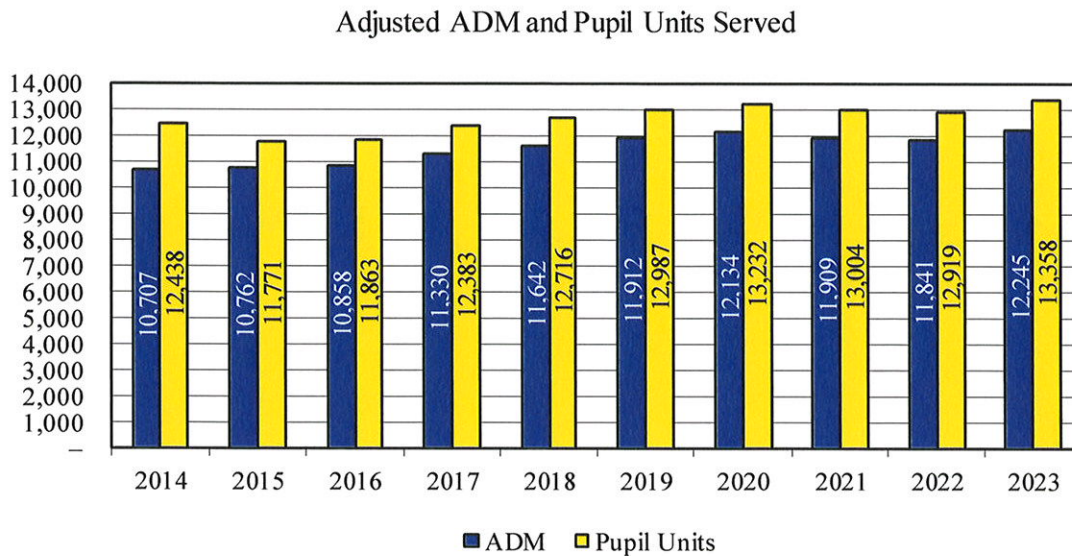
Minimum Fund Balance Policy

The District's adopted fund balance policy for the General Fund establishes a year-end minimum unassigned fund balance of 5.0–7.0 percent of the previous year's expenditures, increased to compensate for any negative balances in the Food Service Special Revenue Fund and/or Community Service Special Revenue Fund.

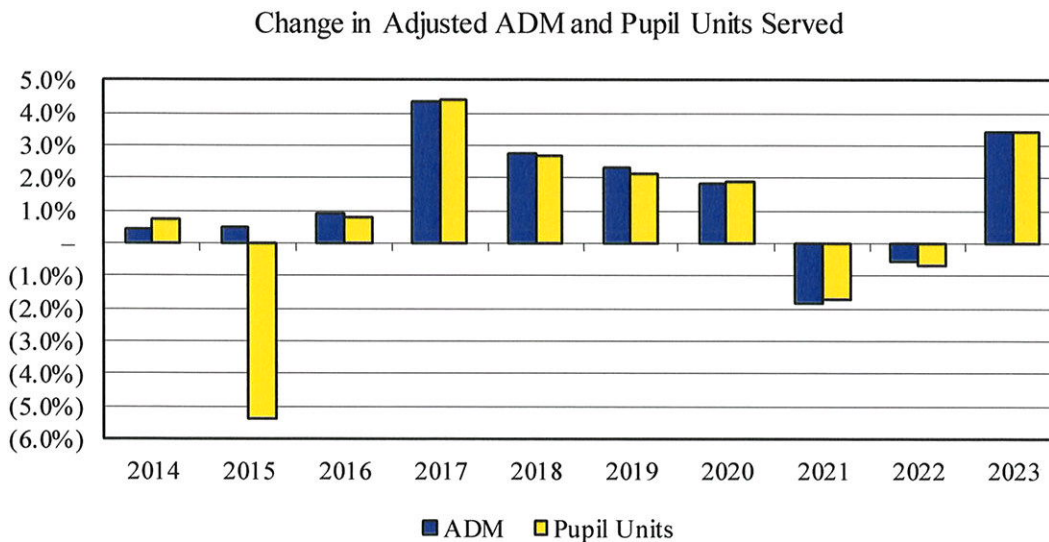
At June 30, 2023, unassigned fund balance in the General Fund (excluding restricted fund balance deficits) represented 6.8 percent of annual expenditures, or less than four weeks of operations assuming level spending throughout the year.

AVERAGE DAILY MEMBERSHIP AND PUPIL UNITS

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



The following graph shows the rate of change in ADM served by the District from year-to-year, along with the change in the resulting pupil units:



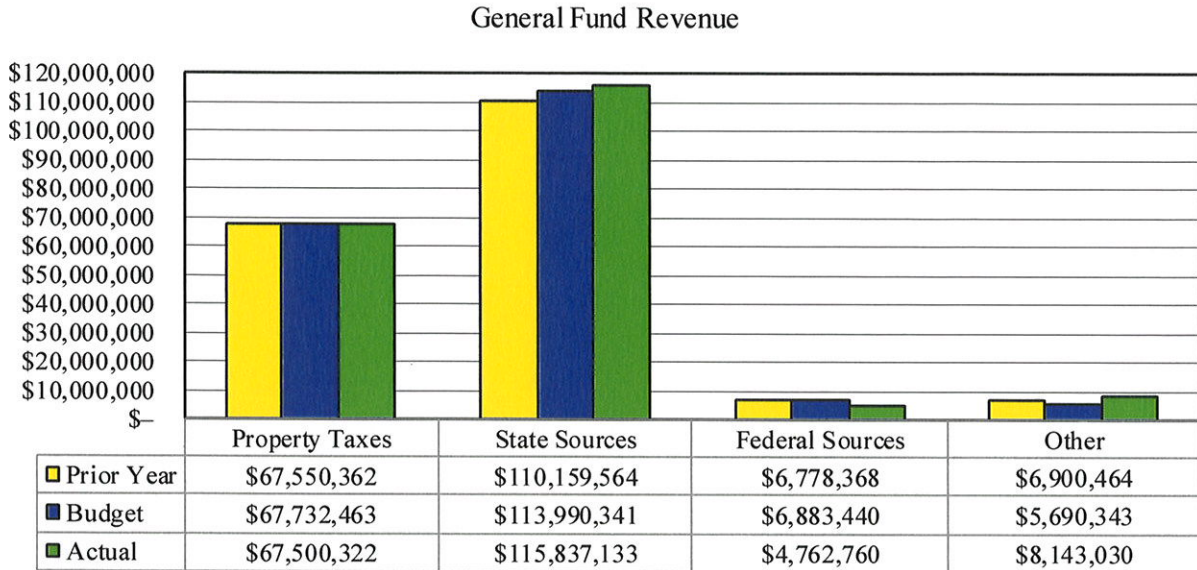
The change in pupil units for 2015 includes the effect of legislative reductions to pupil units.

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

The District served an estimated ADM of 12,245 in 2023, an increase of 404 ADM (3.4 percent) from the prior year. The resulting pupil units served by the District increased by 439 (3.4 percent) to 13,358.

GENERAL FUND REVENUES

The following graph presents the District’s General Fund revenues for 2023:



Total General Fund revenues were \$196,243,245 for the year ended June 30, 2023, which was an increase of \$4,854,487 (2.5 percent) from the prior year, and \$1,946,658 (1.0 percent) more than projected in the final budget.

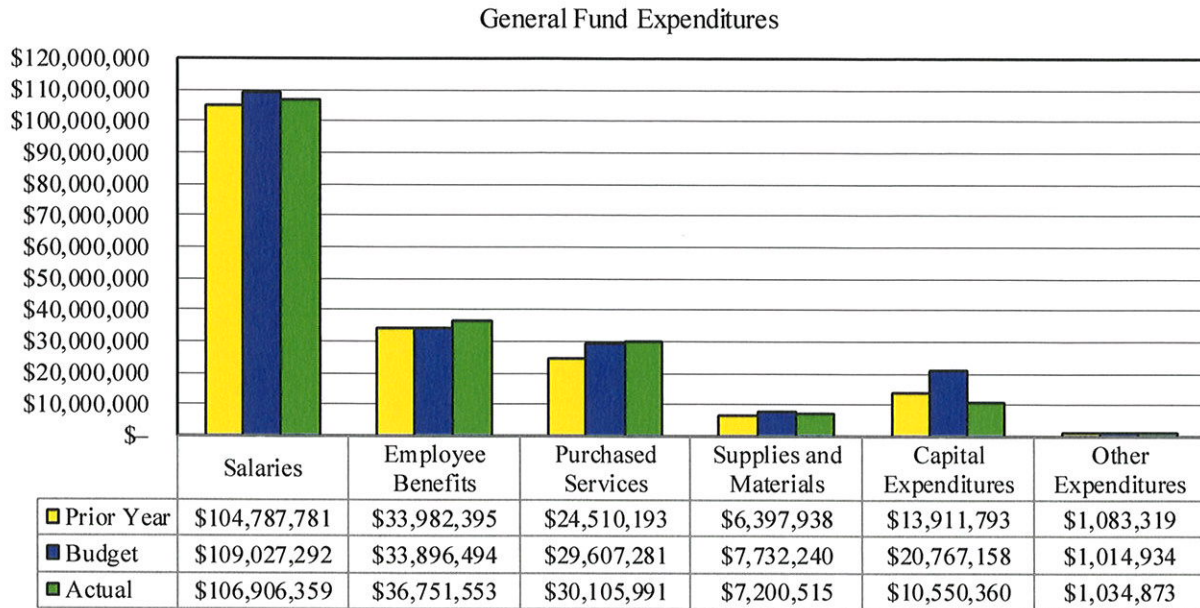
The favorable variance to budget was in other revenues and state sources. Other revenues were \$2,452,687 over budget, mainly in investment earnings, due to positive investment market performance and due to the District budgeting conservatively for Local Collaborative Time Study revenues and activity fees. State sources were \$1,846,792 over budget, mainly in special education. These favorable budget variances were offset by federal sources, which were \$2,120,680 under budget, due to the District spending less than anticipated.

The increase from the prior year was in state sources and other. State sources increased \$5,677,569, mainly in general education revenue with an increase in enrollment and funding improvements. Other local sources increased \$1,242,566, mainly in investment earnings. These increases were offset by a decrease in federal sources of \$2,015,608, with less spending in pandemic-related grants.

The graph above reflects the concentration of state sources (58.9 percent) followed by property taxes (34.3 percent) received to finance General Fund operations.

GENERAL FUND EXPENDITURES

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



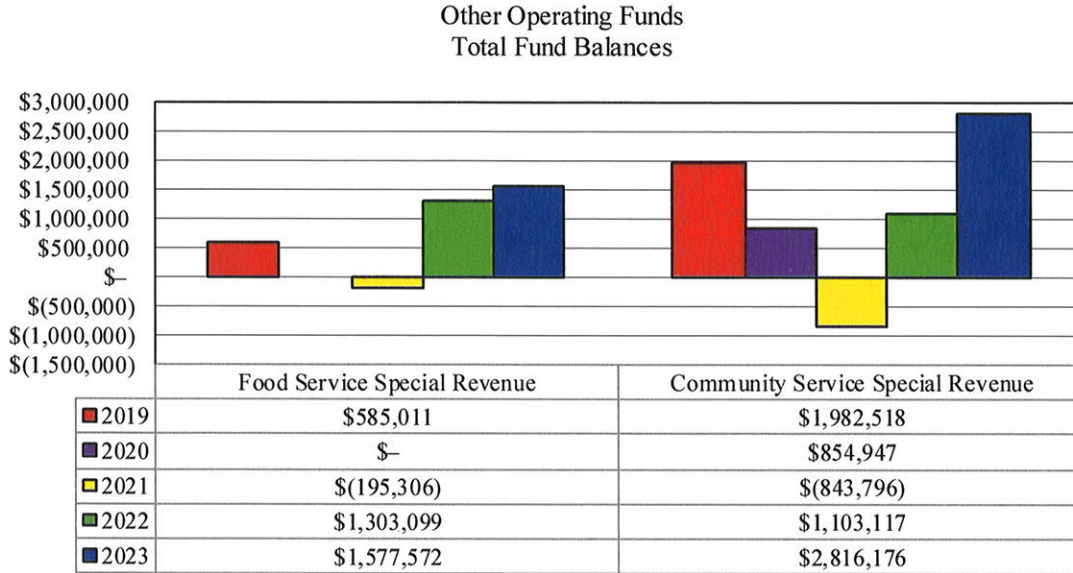
Total General Fund expenditures were \$192,549,651 for the year ended June 30, 2023, which was an increase of \$7,876,232 (4.3 percent) from the prior year, but \$9,495,748 (4.7 percent) under the final budget.

The variance to budget was primarily in capital expenditures, which were \$10,216,798 under budget, mainly due to the timing of projects.

Expenditure increases were mainly in salaries, employee benefits, and purchased services. The increase in salaries and employee benefits was mostly due to contractual increases in the current year. Purchased services increased, mainly in pupil support services, with increased transportation costs and in sites and buildings, with the timing of anticipated long-term facilities maintenance projects. These increases were offset by a decrease in capital expenditures, which were down due to the timing of projects.

OTHER FUNDS OF THE DISTRICT

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



Food Service Special Revenue Fund

The District’s Food Service Special Revenue Fund ended fiscal 2023 with a fund balance of \$1,577,572, which is an increase of \$274,473 from last year, compared to a budgeted increase of \$268,446. Food service revenue was \$7,945,107, which was over budget by \$195,099, mainly in federal sources. Expenditures of \$7,718,994 were over budget by \$237,432, as supplies and materials were more than projected. Revenues significantly decreased from the prior year total, due to the change in food service programs, which also resulted in the shift from federal revenues to revenue from meal sales.

Community Service Special Revenue Fund

The District’s Community Service Special Revenue Fund ended fiscal 2023 with a fund balance increase of \$1,713,059, compared to a budgeted increase of \$635,226. Revenues of \$13,585,275 were over budget by \$831,589, mainly in state sources and other local sources. Expenditures totaling \$11,872,216 were under budget by \$246,244, mainly in salaries and employee benefits.

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

Capital Projects – Building Construction Fund

The Capital Projects – Building Construction Fund ended the year with a fund balance decrease of \$1,415,167, compared to a \$6,015,000 decrease anticipated in the budget, due to the spend down of bonds issued in previous years. The year-end fund balance of \$8,017,315 is restricted for capital projects.

Debt Service Fund

The funding of debt service is controlled in accordance with each outstanding debt issue’s financing plan. It is important to remember that resources of the Debt Service Fund are restricted to the payment of outstanding debt obligations of the District. As of June 30, 2023, the District has \$3,836,342 available for general debt service.

Proprietary Funds – Internal Service Funds

The District uses internal service funds to account for the District’s liabilities for self-insured benefits and early retirement benefits. The following table presents the combined activity reported for the past two fiscal years for the internal service funds:

	June 30,	
	2023	2022
Operating revenue		
Charges for services	\$ 22,453,455	\$ 20,603,874
Operating expenses		
Dental benefit claims	1,525,481	1,528,928
Health benefit claims	21,712,975	20,726,414
Early retirement incentive and sick leave benefits	407,134	992,521
Total operating expenses	<u>23,645,590</u>	<u>23,247,863</u>
Operating income (loss)	(1,192,135)	(2,643,989)
Nonoperating revenue		
Investment earnings	<u>801,184</u>	<u>476,794</u>
Income (loss) before transfers	(390,951)	(2,167,195)
Transfers in (out)	<u>(622,962)</u>	<u>960,775</u>
Change in net position	(1,013,913)	(1,206,420)
Net position		
Beginning of year	<u>1,213,911</u>	<u>2,420,331</u>
End of year	<u>\$ 199,998</u>	<u>\$ 1,213,911</u>

Post-Employment Benefits Trust Fund

The District has established a Post-Employment Benefits Trust Fund to account for an irrevocable trust account established to finance the District’s liability for post-employment healthcare benefits. At year-end, trust net position of \$33,844,610 is available for future OPEB payments.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

	June 30,		Change
	2023	2022	
Net position – governmental activities			
Total fund balances – governmental funds	\$ 57,565,028	\$ 49,990,927	\$ 7,574,101
Total capital assets, net of depreciation/amortization	250,519,688	257,813,739	(7,294,051)
Bonds, certificates, finance purchase, lease, and subscription, net of premiums	(229,814,357)	(242,868,835)	13,054,478
Pensions, net of deferred outflows and inflows	(116,625,378)	(138,721,763)	22,096,385
OPEB, net of deferred outflows and inflows	(19,362,859)	(18,530,806)	(832,053)
Other adjustments	3,328,668	4,995,681	(1,667,013)
Total net position – governmental activities	<u>\$ (54,389,210)</u>	<u>\$ (87,321,057)</u>	<u>\$ 32,931,847</u>
Net position			
Net investment in capital assets	\$ 36,667,330	\$ 33,227,426	\$ 3,439,904
Restricted	25,400,096	11,224,124	14,175,972
Unrestricted	<u>(116,456,636)</u>	<u>(131,772,607)</u>	<u>15,315,971</u>
Total net position	<u>\$ (54,389,210)</u>	<u>\$ (87,321,057)</u>	<u>\$ 32,931,847</u>

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

Total net position increased by \$32,931,847 during fiscal 2023. As presented in the table above, this change was partially in unrestricted net position, due to changes in the District's proportionate share of the Public Employees Retirement Association and the Teachers Retirement Association pension plan liabilities and related deferments. The District's increase in net position restricted for capital asset acquisition, debt service, food service, community service, and other state funding restrictions contributed to the change in the restricted portion of net position.

The District's net investment in capital assets increased \$3,439,904 this year. The change in this category of net position typically depends on the relationship between the rate at which the District's capital assets are being added, depreciated and amortized, and how that compares to the rate at which the District is repaying the debt issued to purchase or construct those assets.

ACCOUNTING AND AUDITING UPDATES

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

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

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

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

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

GASB STATEMENT NO. 101, *COMPENSATED ABSENCES*

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

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

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

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

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

**Independent School District No. 284
Wayzata Public Schools
Wayzata, Minnesota**

**Annual Comprehensive Financial Report
For the Fiscal Year Ended
June 30, 2023**

**Prepared by the
Department of Finance and Business Services**

**WAYZATA
PUBLIC
SCHOOLS**

Excellence. For each and every student.

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

INDEPENDENT SCHOOL DISTRICT NO. 284
WAYZATA, MINNESOTA

16000 41st Avenue N.
Plymouth, MN 55446

Prepared by the
Department of Finance and Business Services

DeeDee Kahring • Executive Director of Finance and Operations

INDEPENDENT SCHOOL DISTRICT NO. 284

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SECTION I
INTRODUCTORY SECTION



District Administrative Offices
16000 41st Ave N | Plymouth, MN 55446
763-745-5000 | Fax: 763-745-5091 | www.wayzataschools.org

INSERT DATE

To: Citizens of the District
Board of Education
Dr. Chace B. Anderson, Superintendent of Schools

INTRODUCTION

We respectfully submit the Annual Comprehensive Financial Report (ACFR) of Independent School District No. 284, Wayzata, Minnesota (the District), for the fiscal year ended June 30, 2023. Responsibility for the entire financial report rests with district management. 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's discussion and analysis (MD&A) report, which allows the District to explain, in layman's terms, its financial position and results of operations for the past fiscal year.

The ACFR is presented in three primary sections as follows:

- Introductory Section
- Financial Section
- Statistical Section

The introductory section includes a list of principal officials, an organizational chart, awards and acknowledgements, 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. 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

The District is a public educational system serving a 38 square-mile area located in the western portion of Hennepin County, Minnesota. The District is governed by its Board of Education (School Board), who are elected by voters residing within the District's boundaries. The District's boundaries encompass either the entire geographic area or portions of the communities of Corcoran, Maple Grove, Medicine Lake, Medina, Minnetonka, Orono, Plymouth, and Wayzata.

For 2022–2023, district facilities included nine elementary schools, three middle schools, a senior high school, a transition school, a district administration building, a district meeting and training facility, an early learning center, a central services facility, and the District welcome center/warehouse.

Enrollment for the 2022–2023 school year was 12,245 pupils in adjusted average daily membership, which represents an increase of 404 students from the prior year. Demographic forecasts project an increase in enrollment for the next several years. Projected enrollment for the near future per an independent demographer hired by the District is:

<u>Fiscal Year</u>	<u>Enrollment</u>
2024	12,281
2025	12,511
2026	12,643

The tax base of the District increased 4.4 percent during the past year. The market value of all taxable property in the District in fiscal year 2023 was \$16,443,824,055, compared to \$15,755,769,997 in fiscal year 2022.

The net tax capacity of the District for fiscal year 2023 was \$182,970,236, an increase of 3.7 percent over the prior year value of \$176,520,258.

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 jurisdictions 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 \$24,126,014 in fiscal year 2023 and \$22,830,561 in fiscal year 2022.

FINANCIAL INFORMATION

In developing and evaluating the District's accounting system, consideration is given to the adequacy of internal controls and segregation of duties. These controls are designed to provide reasonable assurance regarding the safeguarding of district assets and the reliability of financial records used in the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The concept of reasonable assurance recognizes that the costs of internal controls should not exceed the benefits likely to be derived, and that the value of costs and benefits requires estimates and judgments by management.

The legal level of budgetary control is demonstrated through an annual budget adopted by the School Board for the General, Special Revenue, Capital Projects – Building Construction, and Debt Service Funds. The Finance and Business Services Department maintains budgetary control district-wide. The administration and School Board review financial reports on a monthly basis. Annually, the original budget is adopted by the School Board prior to the fiscal year beginning on July 1. The administration presents mid-year budget revision recommendations based upon audited results of the prior year, enrollment changes, the effects of changes to employment contracts, or other new information impacting revenues or expenditures. All revisions to the budget during the fiscal year are also adopted by the School Board.

Users of the District's financial statements are directed to the MD&A report for a more in depth look at the General Fund and other financial information.

DISTRICT FACILITIES

The District's educational facilities consist of 14 buildings originally constructed from 1949 to 2019. Each building has had numerous additions and improvements over the years. Despite the age of the facilities, all school buildings are maintained in a state of good repair, with building components modernized and updated on a systematic basis through the District's long-term facilities maintenance plan. Because of the continual improvement, all educational facilities will effectively serve district operations for many years. During fiscal year 2021, the District opened the Wayzata Early Learning School, an addition to the existing Oakwood Elementary building, and acquired a building and land that will serve as the District's Welcome Center. The total district square footage for educational facilities is 2,095,369. The District owns four additional buildings for administrative purposes.

LOOKING FORWARD

The District's commitment to fiscal responsibility has enabled the District to maintain positive fund balances in recent years. Currently, the General Fund has an unassigned fund balance (excluding restricted account deficits) of approximately \$13.1 million, which represents 6.8 percent of total General Fund expenditures, in line with the School Board policy minimum fund balance of 5.0–7.0 percent of expenditures. The District has an additional \$8.4 million of assigned fund balance for specific purposes.

In 2017, district voters approved an operating referendum to increase annual operating revenues, up to the maximum amount of \$2,000 per pupil plus inflation, expiring in fiscal year 2028. Voters also approved two capital projects levies to fund technology costs for existing technology infrastructure, as well as new services and equipment. The capital projects levies expire in fiscal years 2026 and 2030, respectively. In May of 2023, legislators provided school boards with the authority to renew a voter-approved operating referendum one time for a maximum of 10 years without voter approval.

An indicator of continued financial health is the tremendous level of new private investment within the District's boundaries. The City of Plymouth (the City) is the largest municipality within the District. The City's levy payable 2022 total estimated market value was \$14,374,021,800, an increase of \$520,688,800 from 2021. The increase in total market value between payable 2021 and payable 2022 was 3.8 percent. The City's population increased 29.0 percent from 1990 to 2000; 7.0 percent from 2000 to 2010; and 13.0 percent from 2010 to 2019. As of 2022, the population is 80,762.

The state's support in the current economic environment, combined with additional local property tax support approved by residents of the District means the District's financial outlook is stable. The District maintained similar staff ratios and programs for fiscal year 2023 that support the District's operational and financial requirements as prescribed by the District's strategic plan.

Below are some facts about the 2023-2024 budget:

- Due to the COVID-19 pandemic, the District experienced a decrease in enrollment in fiscal years 2020-2021 and 2021-2022, but realized an increase in the 2022-2023 enrollment.
- Based on a December 2022 Demographic Study, the District expects the enrollment growth to continue. In fiscal year 2023-2024 district administration projected enrollment at 12,281.
- To maintain an unassigned fund balance within the School Board's parameters of 5.0-7.0 percent, the District implemented cost containment measures of approximately \$5.6 million.

Revenues:

- General Fund revenue is projected to increase by approximately \$8.0 million to \$205.6 million.
- The basic per pupil funding amount from the state is \$7,138 for fiscal year 2024, an increase of 4.0 percent.
- The voter-approved referendum levy is approximately \$2,073 per pupil unit.
- Effective fiscal year 2023-2024, new legislation provides improvement to the Special Education Cross-subsidy reimbursement rate. The new legislation increases the cross-subsidy aid factor to 44.0 percent in fiscal years 2024 through 2026 and 50.0 percent in fiscal year 2027 and later. The District will continue to use its General Fund resources in order to fully fund the required portion of the costs that are not reimbursed by either the state and federal government.

Expenditures:

- General Fund expenditures are expected to be \$202.7 million that include cost containment measures as noted above.
- The capital projects (technology) levy will increase from \$8.8 million to \$9.2 million.
- District salaries are anticipated to increase approximately 2.0 to 3.0 percent.
- Health insurance premiums are expected to increase by 7.0 percent. Dental insurance premiums are expected to increase by 3.0 percent.
- District transportation costs are estimated to increase by 7.0 percent.

Construction Projects:

- The District continues to access long-term facilities maintenance pay-as-you-go district levy dollars to make improvements in the areas of deferred maintenance and health and safety. The project costs of approximately \$8-\$12 million per year are utilized for roof repairs, paving projects, boiler and chiller replacements, windows, doors, painting, flooring, and a variety of other deferred maintenance projects.

OTHER INFORMATION

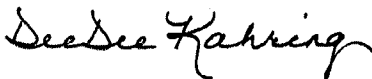
State law requires an annual audit by independent certified public accountants. The accounting firm of Malloy, Montague, Karnowski, Radosevich & Co. P.A. was selected by the School Board to conduct the annual audit for the fiscal year ended June 30, 2023. In addition to meeting the requirements set forth 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 and its Certificate of Excellence in Financial Reporting program. Achieving recognition by this program is a clear indication of the District's establishment of high standards in financial reporting and accountability. The District was awarded the ASBO International Certificate of Excellence in Financial Reporting for its 2022 ACFR, the District's 39th consecutive year receiving the award. We believe our current report continues to conform to ASBO International's Certificate of Excellence program requirements.

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 Aaa credit rating, which is the highest rating possible. Fewer than 100 public K-12 school districts across the country hold a Aaa rating, underscoring the significance of the achievement.

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,

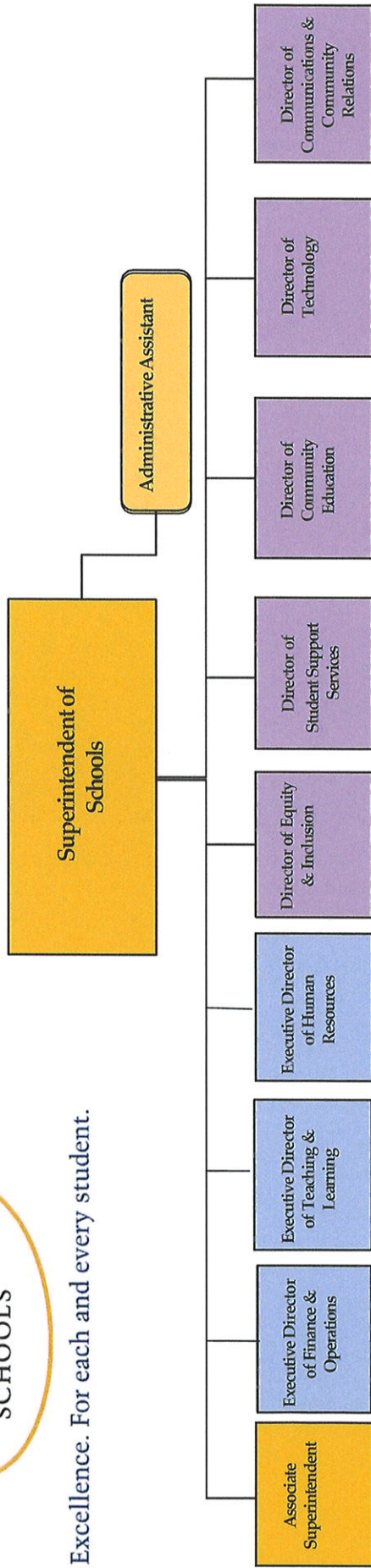


DeeDee Kahring
Executive Director of Finance and Operations



Wayzata Leadership Organizational Chart 2022-2023

Excellence. For each and every student.



INDEPENDENT SCHOOL DISTRICT NO. 284

School Board and Administration
Year Ended June 30, 2023

SCHOOL BOARD

	<u>Board Position</u>
Ms. Sarah Johansen	Chairperson
Dr. Linda A. Cohen	Vice Chairperson
Ms. Cheryl Polzin	Treasurer
Ms. Bonita Lucky	Clerk
Ms. Heidi Kader	Director
Ms. Sheila Prior	Director
Dr. Milind Sohoni	Director

ADMINISTRATION

Dr. Chace B. Anderson	Superintendent
Dr. Nathan Flansburg	Associate Superintendent
Ms. DeeDee Kahring	Executive Director of Finance and Operations
Ms. Dana Miller	Executive Director of Teaching and Learning
Ms. Stacie Vos	Executive Director of Human Resources



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

**Independent School District 284 -
Wayzata Public Schools**

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

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



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

**John W. Hutchison
President**

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

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

SECTION II
FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Independent School District No. 284
Wayzata, Minnesota

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINIONS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 284 (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

BASIS FOR OPINIONS

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

EMPHASIS OF MATTER

Change in Accounting Principle

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

(continued)

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

(continued)

REQUIRED SUPPLEMENTARY INFORMATION

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

SUPPLEMENTAL INFORMATION

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

OTHER INFORMATION

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

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

PRIOR YEAR COMPARATIVE INFORMATION

We have previously audited the District's 2022 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated December 5, 2022. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

(continued)

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

Minneapolis, Minnesota
INSERT DATE

INDEPENDENT SCHOOL DISTRICT NO. 284

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

This section of Independent School District No. 284's (the District) Annual Comprehensive Financial Report (ACFR) presents management's narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2023. Please read it in conjunction with the other components of the District's ACFR.

FINANCIAL HIGHLIGHTS

- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2023 by \$54,389,210 (net position deficit). The District's total net position increased by \$32,931,847 during the fiscal year ended June 30, 2023.
- Government-wide revenues totaled \$236,227,282 and were \$32,931,847 more than expenses of \$203,295,435.
- The District implemented Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). This change is further described in Note 1 of the notes to basic financial statements.
- The General Fund's total fund balance (under the governmental fund presentation) increased \$5,880,190 from the prior year, compared to a decrease of \$6,566,962 planned in the budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

FUND FINANCIAL STATEMENTS

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

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. For Minnesota schools, funds are established in accordance with Uniform Financial Accounting and Reporting Standards in accordance with statutory requirements and accounting principles generally accepted in the United States of America. Some funds are required by state law and by bond covenants. The District can establish other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

The District maintains the following kinds of funds:

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

	2023	2022
Assets		
Current and other assets	\$ 157,653,779	\$ 149,462,150
Capital assets, net of depreciation/amortization	250,519,688	257,813,739
Total assets	\$ 408,173,467	\$ 407,275,889
Deferred outflows of resources		
Deferred charge on refunding	\$ 6,406,374	\$ 6,899,172
Pension plan deferments	46,751,258	53,449,430
OPEB plan deferments	4,632,480	5,466,946
Total deferred outflows of resources	\$ 57,790,112	\$ 65,815,548
Liabilities		
Current and other liabilities	\$ 12,626,125	\$ 12,090,538
Long-term liabilities, including due within one year	387,941,781	341,414,338
Total liabilities	\$ 400,567,906	\$ 353,504,876
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 83,873,177	\$ 81,378,668
Lease revenue for subsequent year	573,201	663,014
Pension plan deferments	23,733,679	115,933,572
OPEB plan deferments	11,604,826	8,932,364
Total deferred inflows of resources	\$ 119,784,883	\$ 206,907,618
Net position		
Net investment in capital assets	\$ 36,667,330	\$ 33,227,426
Restricted	25,400,096	11,224,124
Unrestricted	(116,456,636)	(131,772,607)
Total net position	\$ (54,389,210)	\$ (87,321,057)

The District's financial position is the product of many factors. For example, the determination of the District's net investment in capital assets involves many assumptions and estimates, such as current and accumulated depreciation/amortization amounts. A conservative versus liberal approach to depreciation and amortization estimates, as well as capitalization policies, will produce a significant difference in the calculated amounts. Another major factor in determining net position as compared to fund balances are the long-term liabilities for pension, other post-employment benefits (OPEB), and severance benefits, which are not reported in the governmental funds.

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

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

	2023	2022
Revenues		
Program revenues		
Charges for services	\$ 18,311,783	\$ 13,757,948
Operating grants and contributions	24,542,184	30,187,591
Capital grants and contributions	1,200,886	1,171,004
General revenues		
Property taxes	86,047,771	84,900,336
General grants and aids	99,864,411	94,871,042
Investment earnings	3,682,259	2,150,794
Other	2,577,988	2,902,407
Total revenues	236,227,282	229,941,122
Expenses		
Administration	5,747,682	5,580,376
District support services	6,294,468	6,003,506
Elementary and secondary regular instruction	76,223,157	87,857,642
Vocational education instruction	2,759,344	3,731,676
Special education instruction	21,371,825	21,614,577
Instructional support services	17,420,412	18,462,776
Pupil support services	18,480,033	17,624,546
Sites and buildings	28,343,784	25,596,931
Fiscal and other fixed cost programs	867,690	895,025
Food service	7,732,984	8,047,821
Community service	12,046,032	10,984,506
Interest and fiscal charges on debt	6,008,024	4,683,351
Total expenses	203,295,435	211,082,733
Change in net position	32,931,847	18,858,389
Net position – beginning	(87,321,057)	(106,179,446)
Net position – ending	\$ (54,389,210)	\$ (87,321,057)

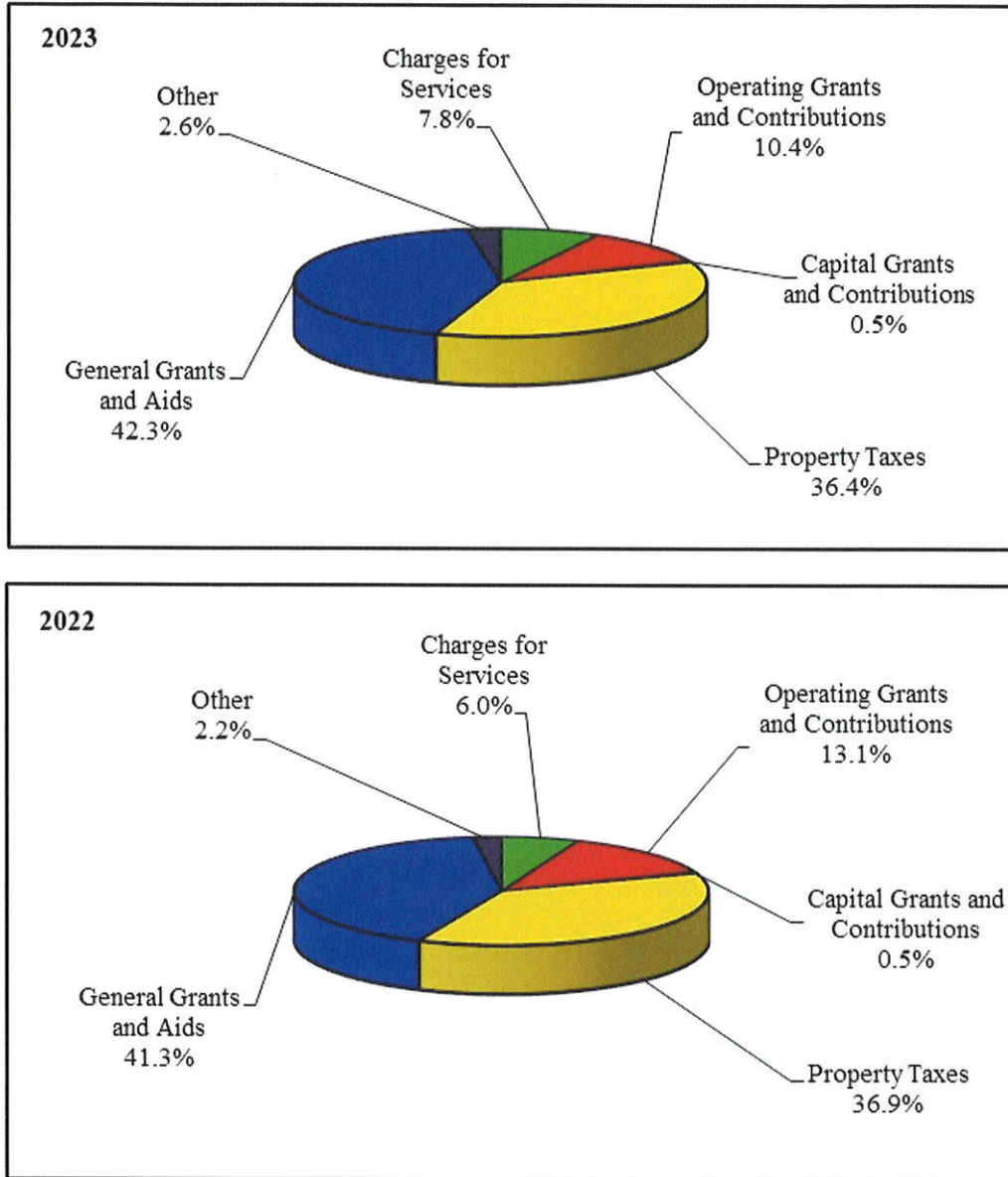
This table is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation and amortization expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

Governmental activities revenues increased \$6,286,160 (2.7 percent) from the previous year. Charges for services increased \$4,553,835, mainly due to the District's transition back to a traditional food service program, which was also the primary cause of a \$5,645,407 reduction in operating grants and contributions. The District operated a Seamless Summer Option Program in fiscal 2022, which provided federally funded free meals to all students at the highest available reimbursement rate. General grants and aids increased \$4,993,369, mainly due to an increase in state general education grants and aid. Investment earnings increased \$1,531,465, due to improved investment market performance and interest rates. Property tax revenue increased \$1,147,435, due to the increased levy in the current year.

Governmental activities expenses decreased \$7,787,298 (3.7 percent) from last year, mainly due to changes in state-wide pension plans offset by inflationary increases.

Figure A shows further analysis of these revenue sources:

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

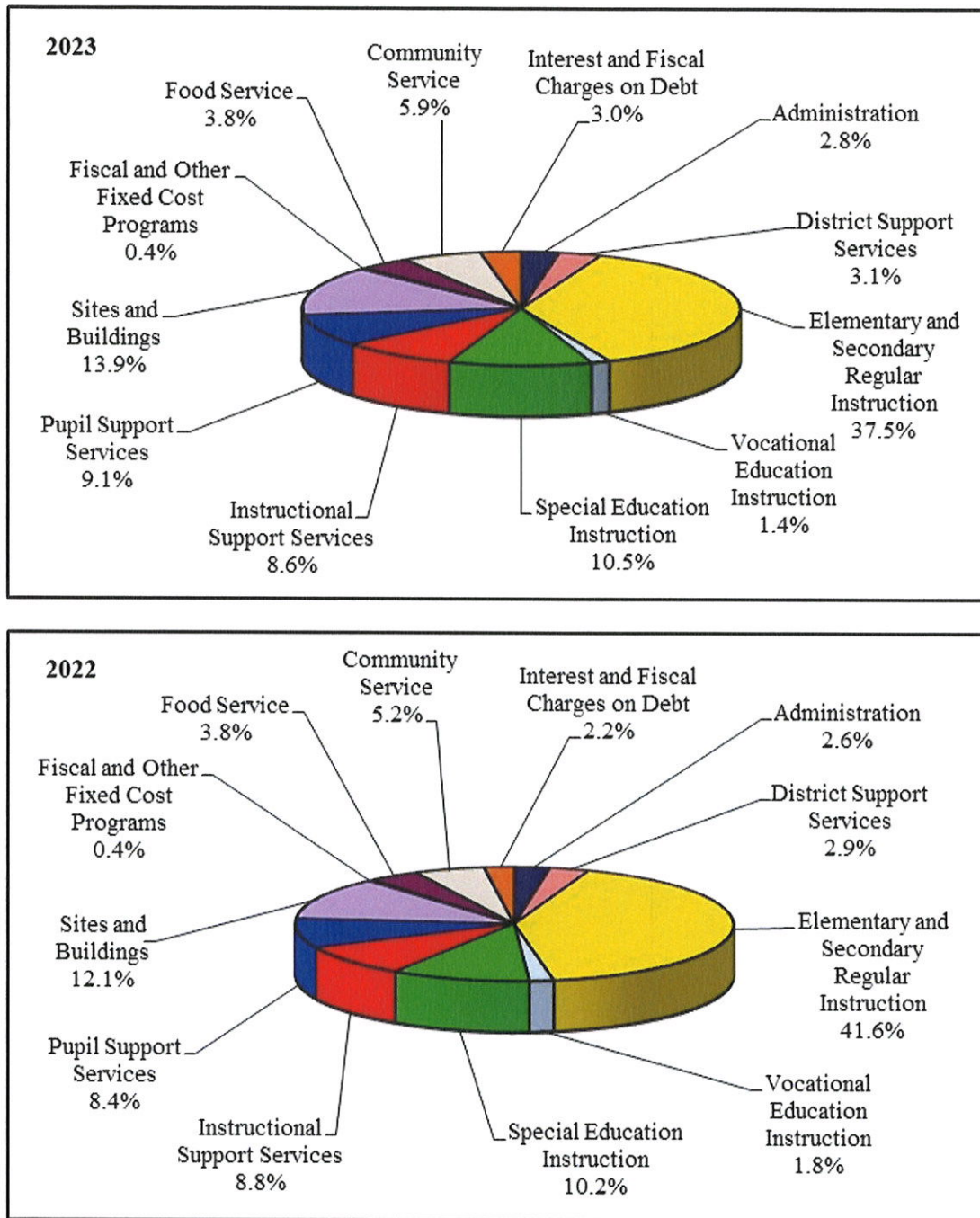


The largest share of the District's revenue is received from the state, including the general education aid formula and most of the operating grants.

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

Figure B shows further analysis of these expense functions:

Figure B – Expenses for Fiscal Years 2023 and 2022



The District's expenses are predominately related to educating students. Programs (or functions), such as elementary and secondary regular instruction, vocational education instruction, special education instruction, and instructional support services are directly related to classroom instruction, while the rest of the programs support instruction and other necessary costs to operate the District. The shift in expenses between programs and the decrease in elementary and secondary regular instruction, when compared to prior year, was largely due to changes in the TRA state-wide pension plan obligations.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Major funds			
General	\$ 40,953,327	\$ 35,073,137	\$ 5,880,190
Capital Projects – Building Construction	8,017,315	9,432,482	(1,415,167)
Debt Service	3,836,342	3,079,092	757,250
Nonmajor funds			
Food Service Special Revenue	1,577,572	1,303,099	274,473
Community Service Special Revenue	<u>2,816,176</u>	<u>1,103,117</u>	<u>1,713,059</u>
Total governmental funds	<u>\$ 57,200,732</u>	<u>\$ 49,990,927</u>	<u>\$ 7,209,805</u>

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

At June 30, 2023, the District's governmental funds reported combined fund balances of \$57,200,732, an increase of \$7,209,805 from the prior year. Approximately 22.9 percent of this amount (\$13,079,093) constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is either 1) not in spendable form (\$393,892), 2) restricted for particular purposes (\$35,725,095), or 3) assigned for particular purposes (\$8,002,652).

ANALYSIS OF THE GENERAL FUND

Table 4 summarizes the amendments to the General Fund budget:

Table 4 General Fund Budget				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Change</u>	<u>Percent Change</u>
Revenue and other financing sources	<u>\$ 193,740,138</u>	<u>\$ 195,478,437</u>	<u>\$ 1,738,299</u>	<u>0.9%</u>
Expenditures	<u>\$ 197,102,838</u>	<u>\$ 202,045,399</u>	<u>\$ 4,942,561</u>	<u>2.5%</u>

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to above as the original budget. During the year, the District amended the budget for known significant changes in circumstances such as: updated enrollment estimates, legislative changes, additional funding received from grants or other local sources, staffing changes, employee contract settlements, insurance premium changes, special education tuition changes, or for new debt issued.

Table 5 summarizes the operating results of the General Fund:

Table 5 General Fund Operating Results					
	<u>2023 Actual</u>	<u>Over (Under) Final Budget</u>		<u>Over (Under) Prior Year</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Revenue and other financing sources	\$ 198,429,841	\$ 2,951,404	1.5%	\$ 4,579,527	2.4%
Expenditures and other financing uses	<u>192,549,651</u>	<u>(9,495,748)</u>	(4.7%)	<u>6,915,457</u>	3.7%
Net change in fund balances	<u>\$ 5,880,190</u>	<u>\$ 12,447,152</u>		<u>\$ (2,335,930)</u>	

The fund balance of the General Fund increased \$5,880,190, compared to a planned decrease of \$6,566,962 approved in the final budget.

General Fund revenues and other financing sources for 2023 increased \$4,579,527, or 2.4 percent, compared to the prior year. This was \$2,951,404, or 1.5 percent, more than the budget. The largest variance to budget was in federal sources, state sources, other local sources, and investment earnings. State sources were \$1,846,792 over budget, mainly in special education. Other local sources were \$1,537,604 over budget, due to the District budgeting conservatively for Local Collaborative Time Study revenues and activity fees. Investment earnings were also over budget, due to positive investment market performance. These favorable budget variances were offset by federal sources, which were \$2,120,680 under budget, due to the District spending less than anticipated. The overall revenue increase from the prior year was mainly due to an increase in general education revenue with an increase in enrollment and funding improvements. Investment earnings also increased from the prior year as noted above. These increases were offset by the decrease in federal sources with less spending in pandemic-related grants.

Total General Fund expenditures and other financing uses for 2023 increased \$6,915,457, or 3.7 percent, from the prior year, and were \$9,495,748, or 4.7 percent, under budget. The budget variance was spread across several programs and object categories of the General Fund. Sites and buildings expenditures were \$7,525,165 under budget, due to the timing of projects. District support services expenditures were \$1,060,204 under budget, due to supplies, materials, and capital purchases being less than anticipated. The increase from the prior year was mainly for salaries and benefits, due to contractual wage and benefit increases, increased transportation costs in pupil support services, and the timing of anticipated long-term facilities maintenance projects.

COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER FUNDS

Capital Projects – Building Construction Fund

The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities. Fund balance decreased \$1,415,167, as the District spent down proceeds from bonds issued in a prior year. At June 30, 2023, the District had a fund balance of \$8,017,315, which is restricted for various capital projects.

Debt Service Fund

The Debt Service Fund revenues exceeded expenditures by \$757,250 in the current year. The funding of debt service is controlled in accordance with each outstanding debt issue's financing plan. The remaining fund balance of \$3,836,342 at June 30, 2023 is available for meeting future debt service obligations.

Other Governmental Funds

The Food Service Special Revenue Fund ended the year with revenues and other financing sources exceeding expenditures, increasing equity by \$274,473, compared to a planned fund balance increase of \$268,446. Revenues significantly decreased from the prior year total, due to the change in food service programs, which also resulted in the shift from federal revenues to revenue from meal sales, as previously discussed. Revenues were over budget by \$195,099, due to the District budgeting conservatively in federal sources. Expenditures exceeded budget by \$237,432, mainly in supplies and materials.

The Community Service Special Revenue Fund ended the year with revenues exceeding expenditures, increasing equity by \$1,713,059, compared to a planned fund balance increase of \$635,226. Revenues were over budget by \$831,589, mainly in state sources and other local sources. Expenditures were under budget by \$246,244, mainly in salaries and employee benefits.

Internal Service Funds

Internal service funds are used to account for the financing of goods and services provided by one department or agency of a government to other departments or agencies on a cost-reimbursement basis. The District currently maintains two internal service funds. These funds are used to account for the District's self-insured medical and dental insurance activity, various early retirement benefit packages for employee groups, and other employee benefits.

Operating revenues for the internal service funds, consisting of charges to the District's governmental funds, for fiscal 2023 totaled \$22,453,455, an increase from the fiscal year 2022 operating revenue level of \$20,603,874. Operating expenses, consisting of health claims, dental claims, and various employee benefits totaled \$23,645,590, which represents an increase from fiscal year 2022 operating expenses of \$23,247,863. Nonoperating revenues, consisting of investment earnings, totaled \$801,184, which is an increase from the fiscal year 2022 amount of \$476,794. The net position balance for all internal service funds as of June 30, 2023 was \$199,998, which is a decrease of \$1,013,913 from the prior year.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

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

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Land	\$ 34,135,187	\$ 33,685,187	\$ 450,000
Construction in progress	739,263	3,493,058	(2,753,795)
Land improvements	10,221,605	9,687,055	534,550
Buildings and improvements	350,766,145	346,948,671	3,817,474
Buildings and improvements – leased	815,933	815,933	–
Equipment and transportation vehicles	15,306,066	15,042,634	263,432
Food service equipment	1,442,895	1,280,350	162,545
Technology subscriptions	398,925	–	398,925
Less accumulated depreciation/amortization	<u>(163,306,331)</u>	<u>(153,139,149)</u>	<u>(10,167,182)</u>
Total	<u><u>\$ 250,519,688</u></u>	<u><u>\$ 257,813,739</u></u>	<u><u>\$ (7,294,051)</u></u>
Depreciation/amortization expense	<u><u>\$ 10,167,182</u></u>	<u><u>\$ 9,907,683</u></u>	<u><u>\$ 259,499</u></u>

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

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

The District defines capital assets as those with an initial, individual cost of \$5,000 or more for equipment and \$20,000 or more for construction and improvements, which benefit more than one fiscal year.

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

Long-Term Liabilities

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

	<u>2023</u>	<u>2022</u>	<u>Change</u>
General obligation bonds payable	\$ 195,640,000	\$ 205,420,000	\$ (9,780,000)
Certificates of participation payable	18,860,000	20,180,000	(1,320,000)
Unamortized premium	8,357,439	9,277,034	(919,595)
Finance purchase payable	6,150,648	7,305,616	(1,154,968)
Lease liability	550,957	686,185	(135,228)
Technology subscription liability	255,313	-	255,313
Net/total pension liability	142,925,135	79,936,560	62,988,575
Net OPEB liability	12,390,513	15,065,388	(2,674,875)
Severance benefits payable	1,923,623	2,671,914	(748,291)
Compensated absences payable	888,153	871,641	16,512
Total	<u>\$ 387,941,781</u>	<u>\$ 341,414,338</u>	<u>\$ 46,527,443</u>

The change in general obligation bonds payable, certificates of participation payable, finance purchase payable, and lease liability are primarily due to the scheduled principal payments offset by the issuance of a finance purchase for technology in the current year. The District reported a liability with a new technology subscription liability agreement, accounting for the change in this category, in accordance with SBITAs guidance implemented in the current year.

The difference in the net/total pension liability reflects the change in the District's proportionate share of the PERA and the TRA state-wide pension obligations.

The decrease in the net OPEB liability is largely due to expected and actual OPEB trust investment results in the current year.

The state limits the amount of general obligation debt the District can issue to 15.0 percent of the market value of all taxable property within the District's corporate limits (see Table 8). The District's outstanding net general obligation debt was \$200,161,097 at June 30, 2023, or about 8.0 percent, of the limit.

District's market value	\$ 16,443,824,055
Limit rate	<u>15.0%</u>
Legal debt limit	<u>\$ 2,466,573,608</u>

Additional details of the District's long-term debt liabilities can be found in the notes to basic financial statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This ACFR is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Business Office, Independent School District No. 284, District Administrative Office, 16000 41st Avenue North, Plymouth, Minnesota 55446.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	Governmental Activities	
	2023	2022
Assets		
Cash and temporary investments	\$ 92,931,800	\$ 91,356,670
Cash and investments held by trustee	491,680	99,510
Receivables		
Current taxes	43,699,563	42,438,056
Delinquent taxes	608,772	612,342
Accounts and interest receivable	404,553	651,986
Due from other governmental units	16,956,693	11,930,497
Due from post-employment benefits trust	1,593,625	1,500,000
Lease	573,201	663,014
Inventory	327,662	194,748
Prepaid items	66,230	15,327
Capital assets		
Not depreciated/amortized	34,874,450	37,178,245
Depreciated, net of accumulated depreciation/amortization	215,645,238	220,635,494
Total capital assets, net of accumulated depreciation and amortization	<u>250,519,688</u>	<u>257,813,739</u>
Total assets	408,173,467	407,275,889
Deferred outflows of resources		
Deferred charge on refunding	6,406,374	6,899,172
Pension plan deferments	46,751,258	53,449,430
OPEB plan deferments	4,632,480	5,466,946
Total deferred outflows of resources	<u>57,790,112</u>	<u>65,815,548</u>
Total assets and deferred outflows of resources	<u>\$ 465,963,579</u>	<u>\$ 473,091,437</u>
Liabilities		
Salaries payable	\$ 592,076	\$ 607,261
Accounts and contracts payable	5,959,613	4,416,762
Accrued interest payable	2,516,938	2,708,110
Due to other governmental units	629,352	875,141
Unearned revenue	1,652,864	1,479,485
Claims incurred, but not reported	1,275,282	2,003,779
Long-term liabilities		
Due within one year	16,428,428	14,300,014
Due in more than one year	371,513,353	327,114,324
Total long-term liabilities	<u>387,941,781</u>	<u>341,414,338</u>
Total liabilities	400,567,906	353,504,876
Deferred inflows of resources		
Property taxes levied for subsequent year	83,873,177	81,378,668
Lease revenue for subsequent years	573,201	663,014
Pension plan deferments	23,733,679	115,933,572
OPEB plan deferments	11,604,826	8,932,364
Total deferred inflows of resources	<u>119,784,883</u>	<u>206,907,618</u>
Net position		
Net investment in capital assets	36,667,330	33,227,426
Restricted for		
Capital asset acquisition	19,182,792	8,150,130
Debt service	1,408,626	459,910
Food service	1,563,550	1,289,389
Community service	2,752,700	961,447
Other purposes (state funding restrictions)	492,428	363,248
Unrestricted	(116,456,636)	(131,772,607)
Total net position	<u>(54,389,210)</u>	<u>(87,321,057)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 465,963,579</u>	<u>\$ 473,091,437</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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

Functions/Programs	2023			
	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Administration	\$ 5,747,682	\$ 14,112	\$ -	\$ -
District support services	6,294,468	-	-	201,834
Elementary and secondary regular instruction	76,223,157	1,661,240	2,668,748	499,203
Vocational education instruction	2,759,344	-	78,328	-
Special education instruction	21,371,825	597,917	16,860,333	4,632
Instructional support services	17,420,412	17,656	-	-
Pupil support services	18,480,033	230,392	601,728	-
Sites and buildings	28,343,784	685,254	-	495,217
Fiscal and other fixed cost programs	867,690	-	-	-
Food service	7,732,984	5,069,270	2,875,837	-
Community service	12,046,032	10,035,942	1,457,210	-
Interest and fiscal charges	6,008,024	-	-	-
Total governmental activities	\$ 203,295,435	\$ 18,311,783	\$ 24,542,184	\$ 1,200,886

General revenue

Taxes

- Property taxes, levied for general purposes
- Property taxes, levied for community service
- Property taxes, levied for debt service

General grants and aids

Other general revenues

Investment earnings

Total general revenues

Change in net position

Net position – beginning

Net position – ending

	2022
Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Governmental Activities	Governmental Activities
\$ (5,733,570)	\$ (5,570,794)
(6,092,634)	(5,929,595)
(71,393,966)	(82,732,533)
(2,681,016)	(3,051,279)
(3,908,943)	(4,595,546)
(17,402,756)	(18,448,489)
(17,647,913)	(16,705,873)
(27,163,313)	(24,814,735)
(867,690)	(895,025)
212,123	1,548,541
(552,880)	(87,511)
(6,008,024)	(4,683,351)
(159,240,582)	(165,966,190)
67,527,408	67,563,040
2,094,077	2,186,740
16,426,286	15,150,556
99,864,411	94,871,042
2,577,988	2,902,407
3,682,259	2,150,794
192,172,429	184,824,579
32,931,847	18,858,389
(87,321,057)	(106,179,446)
\$ (54,389,210)	\$ (87,321,057)

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Assets			
Cash and temporary investments	\$ 55,515,238	\$ 8,050,285	\$ 11,858,668
Cash and investments held by trustee	462,000	29,680	–
Receivables			
Current taxes	34,709,711	–	7,921,295
Delinquent taxes	480,307	–	114,123
Accounts and interest	332,025	2,398	–
Due from other governmental units	16,720,080	–	1,058
Due from other funds	7,499,036	–	–
Lease	573,201	–	–
Inventory	130,132	–	–
Prepaid items	66,230	–	–
	<u>\$ 116,487,960</u>	<u>\$ 8,082,363</u>	<u>\$ 19,895,144</u>
Liabilities			
Salaries payable	\$ 315,278	\$ –	\$ –
Accounts and contracts payable	5,613,297	65,048	–
Due to other governmental units	629,352	–	–
Due to other funds	1,732,838	–	–
Unearned revenue	530,241	–	–
Total liabilities	<u>8,821,006</u>	<u>65,048</u>	<u>–</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	65,749,344	–	15,969,580
Lease revenue for subsequent years	573,201	–	–
Unavailable revenue – delinquent taxes	391,082	–	89,222
Total deferred inflows of resources	<u>66,713,627</u>	<u>–</u>	<u>16,058,802</u>
Fund balances			
Nonspendable	196,362	–	–
Restricted	19,675,220	8,017,315	3,836,342
Assigned	8,002,652	–	–
Unassigned	13,079,093	–	–
Total fund balances	<u>40,953,327</u>	<u>8,017,315</u>	<u>3,836,342</u>
	<u>\$ 116,487,960</u>	<u>\$ 8,082,363</u>	<u>\$ 19,895,144</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 116,487,960</u>	<u>\$ 8,082,363</u>	<u>\$ 19,895,144</u>

Nonmajor Funds	Total Governmental Funds	
	2023	2022
\$ 6,638,125	\$ 82,062,316	\$ 81,924,060
–	491,680	99,510
1,068,557	43,699,563	42,438,056
14,342	608,772	612,342
70,130	404,553	651,986
235,555	16,956,693	11,930,497
–	7,499,036	3,037,697
–	573,201	663,014
197,530	327,662	194,748
–	66,230	15,327
<u>\$ 8,224,239</u>	<u>\$ 152,689,706</u>	<u>\$ 141,567,237</u>
\$ 276,798	\$ 592,076	\$ 607,261
265,438	5,943,783	4,416,754
–	629,352	875,141
–	1,732,838	1,693,638
1,122,623	1,652,864	1,479,485
<u>1,664,859</u>	<u>10,550,913</u>	<u>9,072,279</u>
2,154,253	83,873,177	81,378,668
–	573,201	663,014
11,379	491,683	462,349
<u>2,165,632</u>	<u>84,938,061</u>	<u>82,504,031</u>
197,530	393,892	210,075
4,196,218	35,725,095	23,376,788
–	8,002,652	11,348,017
–	13,079,093	15,056,047
<u>4,393,748</u>	<u>57,200,732</u>	<u>49,990,927</u>
<u>\$ 8,224,239</u>	<u>\$ 152,689,706</u>	<u>\$ 141,567,237</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	<u>2023</u>	<u>2022</u>
Total fund balances – governmental funds	\$ 57,200,732	\$ 49,990,927
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	413,826,019	410,952,888
Accumulated depreciation/amortization	(163,306,331)	(153,139,149)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt premiums and discounts are excluded from net position until amortized, but are included in fund balances upon issuance.		
General obligation bonds payable	(195,640,000)	(205,420,000)
Certificates of participation payable	(18,860,000)	(20,180,000)
Unamortized premium	(8,357,439)	(9,277,034)
Finance purchase payable	(6,150,648)	(7,305,616)
Lease liability	(550,957)	(686,185)
Technology subscription liability	(255,313)	–
Net pension liability	(139,475,594)	(76,191,250)
Net OPEB liability	(12,390,513)	(15,065,388)
Compensated absences payable	(888,153)	(871,641)
Internal service funds are used to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.		
	199,998	1,213,911
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.		
	(2,516,938)	(2,708,110)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – deferred charge on refunding	6,406,374	6,899,172
Deferred outflows of resources – pension plan deferments	46,372,069	53,171,587
Deferred outflows of resources – OPEB plan deferments	4,632,480	5,466,946
Deferred inflows of resources – pension plan deferments	(23,521,853)	(115,702,100)
Deferred inflows of resources – OPEB plan deferments	(11,604,826)	(8,932,364)
Deferred inflows of resources – delinquent property taxes	491,683	462,349
Total net position – governmental activities	<u>\$ (54,389,210)</u>	<u>\$ (87,321,057)</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Revenue			
Local sources			
Property taxes	\$ 67,500,322	\$ –	\$ 16,425,992
Investment earnings	2,415,083	465,992	–
Other	5,727,947	25,393	–
State sources	115,837,133	–	10,583
Federal sources	4,762,760	–	–
Total revenue	<u>196,243,245</u>	<u>491,385</u>	<u>16,436,575</u>
Expenditures			
Current			
Administration	6,184,834	–	–
District support services	6,178,953	–	–
Elementary and secondary regular instruction	86,970,728	–	–
Vocational education instruction	3,300,153	–	–
Special education instruction	24,337,265	–	–
Instructional support services	18,432,426	–	–
Pupil support services	19,192,005	–	–
Sites and buildings	22,440,027	–	–
Fiscal and other fixed cost programs	867,690	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	–	1,906,552	–
Debt service			
Principal	3,918,902	–	9,780,000
Interest and fiscal charges	726,668	–	5,899,325
Total expenditures	<u>192,549,651</u>	<u>1,906,552</u>	<u>15,679,325</u>
Excess (deficiency) of revenue over expenditures	3,693,594	(1,415,167)	757,250
Other financing sources (uses)			
Bonds issued	–	–	–
Premium on debt issued	–	–	–
Finance purchase issued	1,181,850	–	–
Technology subscription issued	350,565	–	–
Bond refunding payments	–	–	–
Insurance recovery	31,219	–	–
Transfers in	622,962	–	–
Transfers (out)	–	–	–
Total other financing sources (uses)	<u>2,186,596</u>	<u>–</u>	<u>–</u>
Net change in fund balances	5,880,190	(1,415,167)	757,250
Fund balances			
Beginning of year	<u>35,073,137</u>	<u>9,432,482</u>	<u>3,079,092</u>
End of year	<u>\$ 40,953,327</u>	<u>\$ 8,017,315</u>	<u>\$ 3,836,342</u>

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds	
	2023	2022
\$ 2,092,123	\$ 86,018,437	\$ 84,873,103
–	2,881,075	1,674,000
15,105,212	20,858,552	16,450,029
1,344,675	117,192,391	111,439,713
2,988,372	7,751,132	15,439,120
<u>21,530,382</u>	<u>234,701,587</u>	<u>229,875,965</u>
–	6,184,834	5,483,945
–	6,178,953	5,935,170
–	86,970,728	84,858,958
–	3,300,153	3,796,628
–	24,337,265	22,174,862
–	18,432,426	18,826,900
–	19,192,005	17,625,696
–	22,440,027	20,344,916
–	867,690	895,025
7,610,322	7,610,322	8,086,232
11,767,021	11,767,021	11,107,228
197,111	2,103,663	5,195,897
16,756	13,715,658	13,954,352
–	6,625,993	6,546,015
<u>19,591,210</u>	<u>229,726,738</u>	<u>224,831,824</u>
1,939,172	4,974,849	5,044,141
–	–	132,865,000
–	–	4,923,285
–	1,181,850	2,251,230
48,360	398,925	–
–	–	(136,886,511)
–	31,219	210,326
–	622,962	–
–	–	(960,775)
<u>48,360</u>	<u>2,234,956</u>	<u>2,402,555</u>
1,987,532	7,209,805	7,446,696
2,406,216	49,990,927	42,544,231
<u>\$ 4,393,748</u>	<u>\$ 57,200,732</u>	<u>\$ 49,990,927</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	<u>2023</u>	<u>2022</u>
Total net change in fund balances – governmental funds	\$ 7,209,805	\$ 7,446,696
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation and amortization expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	2,873,131	5,358,160
Depreciation/amortization expense	(10,167,182)	(9,907,683)
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
General obligation bonds payable	–	(132,865,000)
Finance purchase payable	(1,181,850)	(2,251,230)
Technology subscription liability	(398,925)	–
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.		
	(1,013,913)	(1,206,420)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds payable	9,780,000	138,160,000
Certificates of participation payable	1,320,000	1,280,000
Finance purchase payable	2,336,818	2,534,604
Lease liability	135,228	129,748
Technology subscription liability	143,612	–
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.		
	191,172	824,662
Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.		
	919,595	(2,047,944)
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Net pension liability	(63,284,344)	47,797,495
Net OPEB liability	2,674,875	(8,144,154)
Compensated absences payable	(16,512)	141,839
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – deferred charge on refunding	(492,798)	6,899,172
Deferred outflows of resources – pension plan deferments	(6,799,518)	(3,951,933)
Deferred outflows of resources – OPEB plan deferments	(834,466)	2,859,985
Deferred inflows of resources – pension plan deferments	92,180,247	(38,414,018)
Deferred inflows of resources – OPEB plan deferments	(2,672,462)	4,187,177
Deferred inflows of resources – delinquent property taxes	29,334	27,233
Change in net position – governmental activities	<u>\$ 32,931,847</u>	<u>\$ 18,858,389</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	Budgeted Amounts		Actual	Over (Under)
	Original	Final		Final Budget
Revenue				
Local sources				
Property taxes	\$ 67,597,463	\$ 67,732,463	\$ 67,500,322	\$ (232,141)
Investment earnings	1,500,000	1,500,000	2,415,083	915,083
Other	3,990,341	4,190,343	5,727,947	1,537,604
State sources	112,831,541	113,990,341	115,837,133	1,846,792
Federal sources	6,638,943	6,883,440	4,762,760	(2,120,680)
Total revenue	<u>192,558,288</u>	<u>194,296,587</u>	<u>196,243,245</u>	<u>1,946,658</u>
Expenditures				
Current				
Administration	5,406,341	6,037,412	6,184,834	147,422
District support services	6,353,283	7,239,157	6,178,953	(1,060,204)
Elementary and secondary regular instruction	86,617,935	87,919,448	86,970,728	(948,720)
Vocational education instruction	3,112,910	3,054,102	3,300,153	246,051
Special education instruction	23,173,796	24,184,693	24,337,265	152,572
Instructional support services	19,049,629	19,009,591	18,432,426	(577,165)
Pupil support services	18,750,814	19,087,914	19,192,005	104,091
Sites and buildings	29,233,240	29,965,192	22,440,027	(7,525,165)
Fiscal and other fixed cost programs	685,000	828,000	867,690	39,690
Debt service				
Principal	4,011,958	4,011,958	3,918,902	(93,056)
Interest and fiscal charges	707,932	707,932	726,668	18,736
Total expenditures	<u>197,102,838</u>	<u>202,045,399</u>	<u>192,549,651</u>	<u>(9,495,748)</u>
Excess (deficiency) of revenue over expenditures	(4,544,550)	(7,748,812)	3,693,594	11,442,406
Other financing sources				
Finance purchase issued	1,181,850	1,181,850	1,181,850	-
Technology subscription issued	-	-	350,565	350,565
Insurance recovery	-	-	31,219	31,219
Transfers in	-	-	622,962	622,962
Total other financing sources	<u>1,181,850</u>	<u>1,181,850</u>	<u>2,186,596</u>	<u>1,004,746</u>
Net change in fund balances	<u>\$ (3,362,700)</u>	<u>\$ (6,566,962)</u>	5,880,190	<u>\$ 12,447,152</u>
Fund balances				
Beginning of year			<u>35,073,137</u>	
End of year			<u>\$ 40,953,327</u>	

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	<u>2023</u>	<u>2022</u>
Assets		
Current assets		
Investments	\$ 10,869,484	\$ 9,432,610
Receivables		
Due from other funds	1,732,838	3,086,403
Total current assets	<u>12,602,322</u>	<u>12,519,013</u>
Deferred outflows of resources		
Pension plan deferments	379,189	277,843
Liabilities		
Current liabilities		
Accounts and contracts payable	15,830	8
Due to other funds	5,905,411	2,930,462
Claims incurred, but not reported	1,275,282	2,003,779
Severance benefits payable	318,643	250,277
Total pension liability	633,347	-
Total current liabilities	<u>8,148,513</u>	<u>5,184,526</u>
Long-term liabilities		
Severance benefits payable	1,604,980	2,421,637
Total pension liability	2,816,194	3,745,310
Total long-term liabilities	<u>4,421,174</u>	<u>6,166,947</u>
Total liabilities	12,569,687	11,351,473
Deferred inflows of resources		
Pension plan deferments	<u>211,826</u>	<u>231,472</u>
Net position		
Unrestricted	<u>\$ 199,998</u>	<u>\$ 1,213,911</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	<u>2023</u>	<u>2022</u>
Operating revenue		
Charges for services	\$ 22,453,455	\$ 20,603,874
Operating expenses		
Dental benefit claims	1,525,481	1,528,928
Health benefit claims	21,712,975	20,726,414
Early retirement incentive and sick leave benefits	407,134	992,521
Total operating expenses	<u>23,645,590</u>	<u>23,247,863</u>
Operating income (loss)	(1,192,135)	(2,643,989)
Nonoperating revenue		
Investment earnings	<u>801,184</u>	<u>476,794</u>
Income (loss) before transfers	(390,951)	(2,167,195)
Transfers in	-	960,775
Transfers (out)	<u>(622,962)</u>	<u>-</u>
Change in net position	(1,013,913)	(1,206,420)
Net position		
Beginning of year	<u>1,213,911</u>	<u>2,420,331</u>
End of year	<u>\$ 199,998</u>	<u>\$ 1,213,911</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Charges for services	\$ 22,414,255	\$ 20,626,284
Payments for health and dental claims	(23,951,131)	(22,267,184)
Payments for retirement benefits	(1,572,186)	(1,223,599)
Net cash flows from operating activities	<u>(3,109,062)</u>	<u>(2,864,499)</u>
Cash flows from noncapital financing activities		
Cash received from other funds	4,367,714	1,537,697
Purchase of investments	(635,690)	-
Transfers in	-	960,775
Transfers out	(622,962)	-
Net cash flows from noncapital financing activities	<u>3,109,062</u>	<u>2,498,472</u>
Net change in cash and cash equivalents	-	(366,027)
Cash and cash equivalents		
Beginning of year	<u>-</u>	<u>366,027</u>
End of year	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	\$ (1,192,135)	\$ (2,643,989)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities		
Changes in assets		
Due from other funds	(39,200)	22,410
Deferred outflows of resources – pension plan deferments	(101,346)	63,376
Changes in liabilities and deferred inflows		
Accounts and contracts payable	15,822	(11,842)
Claims incurred, but not reported	(728,497)	-
Severance benefits payable	(748,291)	(76,627)
Total pension liability	(295,769)	(391,715)
Deferred inflows of resources – pension plan deferments	(19,646)	173,888
Net cash flows from operating activities	<u>\$ (3,109,062)</u>	<u>\$ (2,864,499)</u>
Noncash investing, capital, and financing activities		
Market value adjustment on investments in life insurance contracts	\$ 801,184	\$ 476,794

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 284

Statement of Fiduciary Net Position
as of June 30, 2023

	Post-Employment Benefits Trust Fund
Assets	
Investments held by trustee, at fair value	
U.S. treasuries	\$ 2,441,025
Mutual funds	32,997,210
Total assets	<u>35,438,235</u>
Liabilities	
Current liabilities	
Due to district governmental funds	<u>1,593,625</u>
Net position	
Restricted for OPEB	<u><u>\$ 33,844,610</u></u>

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

	Post-Employment Benefits Trust Fund
Additions	
Investment earnings	
Total investment earnings	\$ 2,478,061
Less investment expense	99,818
Net investment earnings	<u>2,378,243</u>
Deductions	
Benefits to plan members	<u>1,593,625</u>
Change in net position	784,618
Net position	
Beginning of year	<u>33,059,992</u>
End of year	<u><u>\$ 33,844,610</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 284

Notes to Basic Financial Statements Year Ended June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 284 (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. A School Board elected by the voters of the District governs the District. The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

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

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

C. Government-Wide Financial Statement Presentation

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other internally directed revenues are reported instead as general revenues.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

D. Fund Financial Statement Presentation

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

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Funds

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

Major Governmental Funds

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

Capital Projects – Building Construction Fund – The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities authorized by bond issue or under the long-term facilities maintenance program.

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

Nonmajor Governmental Funds

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

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

Proprietary Funds

Internal Service Funds – Internal service funds account for the financing of goods or services provided by one department to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The District has established two internal service funds to account for the District’s liabilities for self-insured benefits and early retirement benefits.

Fiduciary Funds

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Information

The School Board adopts an annual budget for all governmental funds prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. Budgeted appropriations lapse at year-end. Expenditures in the Food Service Special Revenue and Debt Service Funds exceeded budgeted appropriations by \$237,432 and \$350, respectively, during the year ended June 30, 2023. Revenues in excess of budget, along with available fund balance, financed this variance.

F. Use of Estimates

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

G. Cash and Temporary Investments

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

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Receivables

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

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

Due from the MDE	\$ 15,918,672
Due from other Minnesota school districts	120,693
Due from Hennepin County	736,015
Due from other local governments	<u>181,313</u>
Total due from other governmental units	<u>\$ 16,956,693</u>

I. Inventories

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

J. Prepaid Items

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

K. Property Taxes

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

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the “tax shift,” which periodically changes the District’s recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year’s levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes \$4,226,386 of the property tax levy collectible in 2023 as revenue to the District in fiscal year 2022–2023. The remaining portion of the taxes collectible in 2023 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Subscription-Based Information Technology Arrangements (SBITAs)

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

M. Capital Assets

Capital assets that are purchased or constructed by the District are recorded at historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation. Lease capital assets are recorded based on the measurement of payments applicable to the lease term. SBITA capital assets are recorded based on the measurement of any subscription liability plus the payments due to a SBITA vendor at the commencement of the subscription term, including any applicable initial implementation costs as defined in the standard. The District defines capital assets as those with an initial, individual cost of \$5,000 or more for equipment and \$20,000 or more for construction and improvements, which benefit more than one fiscal year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

N. Long-Term Obligations

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Employee Benefits

1. **Compensated Absences** – Under the terms of collectively bargained contracts, eligible employees accrue vacation and sick leave at varying rates, portions of which may be carried over to future years. Employees are reimbursed for unused, accrued vacation to the limit specified in their labor contract or School Board policy upon termination. Unused sick leave enters into the calculation of severance benefits for some employees upon termination. Compensated absences are accrued in the governmental fund financial statements only to the extent they have been used or otherwise matured prior to year-end. Unused vacation is accrued as it is earned in the government-wide financial statements.
2. **Severance Benefits** – The District provides lump sum severance benefits to eligible employees in accordance with provisions in certain collectively bargained contracts. Eligibility for these benefits is based on years of service and/or minimum age requirements. Severance benefits are calculated by converting a portion of an eligible employee's unused accumulated sick leave. No individual can receive severance benefits in excess of one year's salary.

Severance payable is recorded as a liability in the government-wide financial statements, as it is earned and it becomes probable that it will vest at some point in the future. Severance pay is accrued in the governmental fund financial statements when the liability matures, due to employee termination.

3. **Early Retirement Incentive** – The District provides early retirement incentive benefits to eligible employee groups in accordance with provisions in certain collectively bargained contracts based on years of service and/or minimum age requirements. No individual can receive benefits in excess of one year's salary. See the Defined Benefit Pension Plan – District note for further information.
4. **Other Post-Employment Benefits (OPEB) Plan** – For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the District. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and certain investments that have a maturity at the time of purchase of one year or less, which may be reported at amortized cost. See the Other Post-Employment Benefits (OPEB) Plan note for further information.
5. **State-Wide Pension Plans** – District employees participate in cost-sharing, multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA), to which the District contributes. See the Defined Benefit Pension Plans – State-Wide note for further information.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

P. Risk Management and Self-Insurance

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

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

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

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

	Balance – Beginning of Year	Charges and Changes in Estimates	Claim Payments	Balance – End of Year
2022	\$ 2,003,779	\$ 22,255,342	\$ 22,255,342	\$ 2,003,779
2023	\$ 2,003,779	\$ 23,238,456	\$ 23,966,953	\$ 1,275,282

Q. Deferred Outflows/Inflows of Resources

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

The District reports deferred outflows of resources related to the deferred charge on refunding 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The District reports deferred inflows of resources related to lease receivables, which requires lessors to recognize deferred inflows of resources to correspond to lease receivables. These amounts are deferred and amortized in a systematic and rationale manner over the term of the lease.

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.

R. Net Position

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

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

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

S. Fund Balance Classifications

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

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

T. Prior Period Comparative Financial Information/Reclassification

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

U. Change in Accounting Principle

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

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	\$ 834,895
Investments	<u>128,026,820</u>
Total	<u>\$ 128,861,715</u>

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

Statement of Net Position	
Cash and temporary investments	\$ 92,931,800
Cash and investments held by trustee	491,680
Statement of Fiduciary Net Position	
Investments held by trustee	
Post-Employment Benefits Trust Fund	<u>35,438,235</u>
Total	<u>\$ 128,861,715</u>

B. Deposits

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

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

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

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

At year-end, the carrying amount of the District’s deposits was \$834,895, while the balance on the bank records was \$827,397. At year-end, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the District’s agent in the District’s name.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments

The District has the following investments at year-end:

Investment Type	Credit Risk		Fair Value Measurements Using	Interest Risk – Maturity Duration	Total
	Rating	Agency			
U.S. treasury securities	AAA	Moody's	Level 1	Less Than 1 Year	\$ 2,441,025
Life insurance contracts	Not Rated		N/A	N/A	37,496,825
Investment pools/mutual funds					
First American Government Obligation Fund	AAA	S&P	Level 1	N/A	2,149,941
Mutual funds – fixed income	Not Rated		Level 1	N/A	11,862,173
Mutual funds – equities	Not Rated		Level 1	N/A	18,985,096
MNTrust Investment Shares Portfolio	AAA	S&P	Amortized Cost	N/A	106,894
Minnesota School District Liquid Asset Fund	AAA	S&P	Amortized Cost	N/A	54,984,866
Total investments					<u>\$ 128,026,820</u>

N/A – Not Applicable

Investments in life insurance contracts are reported at cash surrender value and are not subject to fair value reporting standards.

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

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the District’s investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated “A” or better; revenue obligations rated “AA” or better; general obligations of the Minnesota Housing Finance Agency rated “A” or better; bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers. For assets held in the Post-Employment Benefits Trust Fund, the investment options available to the District are expanded to include the investment types specified in Minnesota Statutes § 356A.06, Subd. 7. The District’s investment policies do not further restrict investing in specific financial instruments.

Concentration Risk – This is the risk associated with investing a significant portion of the District’s investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District’s investment policies do not address concentration risk. At June 30, 2023, the District’s investment portfolio includes the following percentages of specific issuers:

Guaranteed investment contract – Mass Mutual	7.7%
Guaranteed investment contract – Northwestern Mutual	21.5%

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

NOTE 3 – LEASE RECEIVABLE

The District has entered into lease receivable agreements for cell tower rental space on district property and space lease. These leases are reported using an incremental rate of 3.00 percent with a final maturity in fiscal 2062. During the current year, the District received principal and interest payments on these leases of \$108,116.

NOTE 4 – CAPITAL ASSETS

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

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated/amortized					
Land	\$ 33,685,187	\$ 450,000	\$ –	\$ –	\$ 34,135,187
Construction in progress	3,493,058	793,679	–	(3,547,474)	739,263
Total capital assets, not depreciated/amortized	<u>37,178,245</u>	<u>1,243,679</u>	<u>–</u>	<u>(3,547,474)</u>	<u>34,874,450</u>
Capital assets, depreciated/amortized					
Land improvements	9,687,055	534,550	–	–	10,221,605
Buildings and improvements	346,948,671	270,000	–	3,547,474	350,766,145
Buildings and improvements – leased	815,933	–	–	–	815,933
Equipment and transportation vehicles	15,042,634	263,432	–	–	15,306,066
Food service equipment	1,280,350	162,545	–	–	1,442,895
Technology subscriptions	–	398,925	–	–	398,925
Total capital assets, depreciated/amortized	<u>373,774,643</u>	<u>1,629,452</u>	<u>–</u>	<u>3,547,474</u>	<u>378,951,569</u>
Less accumulated depreciation/amortization for					
Land improvements	(8,560,438)	(212,253)	–	–	(8,772,691)
Buildings and improvements	(130,862,482)	(9,179,359)	–	–	(140,041,841)
Buildings and improvements – leased	(143,863)	(143,863)	–	–	(287,726)
Equipment and transportation vehicles	(12,643,759)	(435,200)	–	–	(13,078,959)
Food service equipment	(928,607)	(54,257)	–	–	(982,864)
Technology subscriptions	–	(142,250)	–	–	(142,250)
Total accumulated depreciation/amortization	<u>(153,139,149)</u>	<u>(10,167,182)</u>	<u>–</u>	<u>–</u>	<u>(163,306,331)</u>
Net capital assets, depreciated/amortized	<u>220,635,494</u>	<u>(8,537,730)</u>	<u>–</u>	<u>3,547,474</u>	<u>215,645,238</u>
Total capital assets, net	<u>\$ 257,813,739</u>	<u>\$ (7,294,051)</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 250,519,688</u>

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

Administration	\$ 10,324
District support services	126,130
Elementary and secondary regular instruction	3,832,330
Instructional support services	146,319
Pupil support services	111,834
Sites and buildings	5,869,868
Food service	<u>70,377</u>
Total depreciation/amortization expense	<u>\$ 10,167,182</u>

NOTE 5 – LONG-TERM LIABILITIES

A. General Obligation Bonds Payable

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

<u>Issue</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Face/Par Value</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
General obligation bonds payable					
School building bonds	02/15/2018	3.00–5.00%	\$ 66,895,000	02/01/2038	\$ 57,415,000
Tax abatement bonds	11/07/2019	2.00–4.00%	\$ 7,455,000	02/01/2035	6,305,000
Refunding bonds	11/12/2020	5.00%	\$ 8,340,000	02/01/2024	3,295,000
Refunding bonds	07/22/2021	1.65–3.00%	\$ 132,865,000	02/01/2036	<u>128,625,000</u>
Total general obligation bonds payable					<u>\$ 195,640,000</u>

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

B. Certificates of Participation Payable

The District currently has the following certificates of participation payable outstanding:

<u>Issue</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Face/Par Value</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
2013A Certificates of Participation	02/27/2013	2.00–2.60%	\$ 9,980,000	10/01/2027	\$ 3,610,000
2019B Certificates of Participation	11/14/2019	2.25–4.00%	\$ 17,000,000	02/01/2040	<u>15,250,000</u>
Total certificates of participation payable					<u>\$ 18,860,000</u>

These certificates of participation were issued to finance construction of capital facilities. Scheduled future ad valorem lease obligation tax levies will be made to finance the retirement of principal and interest payments on these certificates. These certificates of participation are being paid by the General Fund. The debt is secured by the original property purchased and includes terms that upon default all payments may become due and payable. The debtor also may repossess the property and seek full recovery of any losses upon default.

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

C. Finance Purchase Payable

On October 26, 2012, the District entered into a master purchase agreement with Apple, Inc. for iPads. The District acquires equipment from time to time under this master agreement as needed. Each debt schedule added under this master agreement adds equipment and carries its own debt terms and payment schedule. The debt schedules have interest rates ranging from zero percent to 0.89 percent and mature in fiscal year 2025. Upon payment in full of all scheduled debt payments, the debtor’s (Apple, Inc.’s) interest in the equipment is transferred to the District, free and clear of any right or interest of Apple, Inc. The assets acquired through this agreement were not capitalized, as individual asset amounts do not meet the capitalization threshold requirements. The General Fund will be used to liquidate this liability. In the event of default, the debtor may do any of the following: a) provide written notice to debtee of the event of default; b) declare due and payable any and all amounts which may then be due and payable under the agreement, plus all payments remaining through the end of the then current fiscal period; c) with or without terminating the debt term under such agreement, i) enter the premises where the equipment is located and retake possession of such equipment or require debtee at debtee’s expense to promptly return any or all of such equipment to the possession of debtor and ii) at debtee’s expense, sell or lease such equipment, or sublease such equipment continuing to hold debtee liable for the difference between the debt payment payable by debtee and net proceeds or any such sale, lease, or sublease.

The District entered into a finance purchase agreement to finance the construction of a turf field. The finance purchase has an effective interest rate of 2.28 percent and calls for annual principal and interest payments through February 1, 2026. The finance purchase is being paid through the General Fund.

The District entered into a finance purchase agreement to finance the construction of a building addition to Meadow Ridge Elementary School. The finance purchase has an effective interest rate of 2.24 percent and calls for semiannual principal and interest payments through April 1, 2032. The finance purchase is being paid through the General Fund.

D. Lease Liability

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

<u>Lease Description</u>	<u>Interest Rate</u>	<u>Lease Date</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
Hanus bus garage	3.00%	08/01/2016	07/31/2024	\$ 124,980
Life Time locker room	3.00%	09/01/2003	03/03/2036	425,977
Total lease liability				<u>\$ 550,957</u>

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

E. Subscription Liability

The District entered into agreements to finance the use of software, which calls for annual principal and interest payments through June 2025. These agreements are paid by the General and Food Service Special Revenue Funds. The total amount of the underlying technology subscription assets and the related accumulated amortization is presented in Note 4 of the notes to basic financial statements.

Subscription Description	Interest Rate	Date	Final Maturity	Principal Outstanding
ECMECC Infosec	4.00%	07/01/2022	07/01/2025	\$ 8,723
Illuminate Education	4.00%	07/01/2022	07/01/2024	27,279
Instructure	4.00%	07/01/2022	07/01/2025	160,603
Nutrislice	4.00%	07/01/2022	07/01/2025	31,604
Turnitin	4.00%	07/18/2022	07/18/2025	<u>27,104</u>
Total subscription liability				<u>\$ 255,313</u>

F. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including compensated absences, severance benefits, pension benefits, and OPEB. The details of these various benefit liabilities are discussed elsewhere in these notes. Such benefits are paid primarily from the General Fund.

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

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Defined benefit plans				
State-wide, multiple-employer – PERA	\$ 29,605,084	\$ 10,604,923	\$ 1,364,969	\$ 4,021,539
State-wide, multiple-employer – TRA	109,870,510	35,767,146	22,156,884	(15,289,999)
Single-employer – District	3,449,541	379,189	211,826	316,737
Defined contribution plan				
Single-employer – District	–	–	–	99,197
Total	<u>\$ 142,925,135</u>	<u>\$ 46,751,258</u>	<u>\$ 23,733,679</u>	<u>\$ (10,852,526)</u>

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

G. Minimum Debt Payments

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

Year Ending June 30,	General Obligation Bonds		Certificates of Participation		Finance Purchase		Lease		Technology Subscription	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 11,045,000	\$ 5,482,275	\$ 1,360,000	\$ 551,681	\$ 1,903,660	\$ 99,566	\$ 142,800	\$ 14,576	\$ 136,825	\$ 10,213
2025	11,285,000	5,068,225	1,400,000	509,881	1,170,525	82,291	38,724	11,576	118,488	4,740
2026	12,570,000	4,681,425	1,445,000	466,046	794,243	64,623	29,569	10,679	-	-
2027	12,795,000	4,238,325	1,495,000	419,701	359,506	49,120	30,468	9,779	-	-
2028	13,225,000	3,789,075	1,540,000	370,621	367,604	41,022	31,395	8,853	-	-
2029-2033	72,005,000	13,120,375	4,390,000	1,324,244	1,555,110	79,396	171,891	29,345	-	-
2034-2038	62,715,000	4,991,493	5,030,000	684,363	-	-	106,110	4,570	-	-
2039-2040	-	-	2,200,000	89,806	-	-	-	-	-	-
	<u>\$ 195,640,000</u>	<u>\$ 41,371,193</u>	<u>\$ 18,860,000</u>	<u>\$ 4,416,343</u>	<u>\$ 6,150,648</u>	<u>\$ 416,018</u>	<u>\$ 550,957</u>	<u>\$ 89,378</u>	<u>\$ 255,313</u>	<u>\$ 14,953</u>

H. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
General obligation bonds payable	\$ 205,420,000	\$ -	\$ 9,780,000	\$ 195,640,000	\$ 11,045,000
Certificates of participation payable	20,180,000	-	1,320,000	18,860,000	1,360,000
Unamortized premium	9,277,034	-	919,595	8,357,439	-
Total bonds payable	<u>234,877,034</u>	<u>-</u>	<u>12,019,595</u>	<u>222,857,439</u>	<u>12,405,000</u>
Finance purchase payable	7,305,616	1,181,850	2,336,818	6,150,648	1,903,660
Lease liability	686,185	-	135,228	550,957	142,800
Technology subscription liability	-	398,925	143,612	255,313	136,825
Net/total pension liability	79,936,560	73,555,535	10,566,960	142,925,135	633,347
Net OPEB liability	15,065,388	1,393,140	4,068,015	12,390,513	-
Severance benefits payable	2,671,914	-	748,291	1,923,623	318,643
Compensated absences payable	871,641	1,611,967	1,595,455	888,153	888,153
	<u>\$ 341,414,338</u>	<u>\$ 78,141,417</u>	<u>\$ 31,613,974</u>	<u>\$ 387,941,781</u>	<u>\$ 16,428,428</u>

NOTE 6 – NET POSITION/FUND BALANCES

A. Net Investment in Capital Assets

The government-wide Statement of Net Position at June 30, 2023 includes the District's net investment in capital assets calculated as follows:

Net investment in capital assets	
Capital assets	
Not depreciated/amortized	\$ 34,874,450
Depreciated/amortized, net of accumulated depreciation/amortization	215,645,238
Less capital related long-term debt outstanding	(228,276,047)
Add debt adjustment for deferred charge	6,406,374
Add debt adjustment for unspent debt proceeds	8,082,363
Less capital related accounts/contracts payable	<u>(65,048)</u>
Total net investment in capital assets	<u>\$ 36,667,330</u>

NOTE 6 – NET POSITION/FUND BALANCES (CONTINUED)

B. Governmental Fund Balance Classifications

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

At year-end, a summary of the District’s governmental fund balance classifications are as follows:

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable					
Inventory	\$ 130,132	\$ –	\$ –	\$ 197,530	\$ 327,662
Prepaid items	66,230	–	–	–	66,230
Total nonspendable	196,362	–	–	197,530	393,892
Restricted					
Scholarships	228,306	–	–	–	228,306
Capital projects levy	4,352,487	–	–	–	4,352,487
Operating capital	2,688,608	–	–	–	2,688,608
Long-term facilities maintenance	12,141,697	–	–	–	12,141,697
Medical Assistance	264,122	–	–	–	264,122
Capital projects	–	8,017,315	–	–	8,017,315
Debt service	–	–	3,836,342	–	3,836,342
Food service	–	–	–	1,380,042	1,380,042
Community education programs	–	–	–	2,418,323	2,418,323
Early childhood family education programs	–	–	–	53,322	53,322
School readiness	–	–	–	181,519	181,519
Community service	–	–	–	163,012	163,012
Total restricted	19,675,220	8,017,315	3,836,342	4,196,218	35,725,095
Assigned					
Local collaborative time study	702,431	–	–	–	702,431
Reemployment insurance	837,800	–	–	–	837,800
Site carryover	752,355	–	–	–	752,355
Q compensation	384,169	–	–	–	384,169
School opening costs	695,305	–	–	–	695,305
Workers’ compensation escrow	70,000	–	–	–	70,000
Post-employment obligations	1,792,340	–	–	–	1,792,340
Enrollment	2,768,252	–	–	–	2,768,252
Total assigned	8,002,652	–	–	–	8,002,652
Unassigned					
Unassigned	13,079,093	–	–	–	13,079,093
Total	\$ 40,953,327	\$ 8,017,315	\$ 3,836,342	\$ 4,393,748	\$ 57,200,732

NOTE 6 – NET POSITION/FUND BALANCES (CONTINUED)

C. Minimum Unassigned Fund Balance Policy

The District’s adopted fund balance policy for the General Fund establishes a year-end minimum unassigned fund balance of 5.0–7.0 percent of the previous year’s expenditures, increased to compensate for any negative balances in the Food Service Special Revenue Fund and/or Community Service Special Revenue Fund. At June 30, 2023, the unassigned fund balance of the General Fund, excluding restricted account deficits, was 6.8 percent of fiscal 2023 expenditures.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

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

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

2. Teachers Retirement Association (TRA)

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

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

B. Benefits Provided

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

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

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

1. GERF Benefits

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

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

2. TRA Benefits

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

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

Tier I Benefits

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

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

With these provisions:

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

Tier II Benefits

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

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

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

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

C. Contributions

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

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2023 and the District was required to contribute 7.5 percent for Coordinated Plan members. The District's contributions to the GERF for the year ended June 30, 2023, were \$2,159,318. The District's contributions were equal to the required contributions as set by state statutes.

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

2. TRA Contributions

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

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

The District’s contributions to the TRA for the plan’s fiscal year ended June 30, 2023, were \$7,378,530. The District’s contributions were equal to the required contributions for each year as set by state statutes.

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

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

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

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

D. Pension Costs

1. GERF Pension Costs

At June 30, 2023, the District reported a liability of \$29,605,084 for its proportionate share of the General Employees Fund’s net pension liability. The District’s net pension liability reflected a reduction due to the state of Minnesota’s contribution of \$16 million. The state of Minnesota is considered a nonemployer contributing entity and the state’s contribution meets the definition of a special funding situation. The state of Minnesota’s proportionate share of the net pension liability associated with the District totaled \$868,026. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportionate share of the net pension liability was based on the District’s contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all of the PERA’s participating employers. The District’s proportionate share was 0.3738 percent at the end of the measurement period and 0.3598 percent for the beginning of the period.

District’s proportionate share of the net pension liability	\$ 29,605,084
State’s proportionate share of the net pension liability associated with the District	\$ 868,026

For the year ended June 30, 2023, the District recognized pension expense of \$3,891,836 for its proportionate share of the GERF’s pension expense. In addition, the District recognized an additional \$129,703 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota’s contribution of \$16 million to the GERF.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 247,284	\$ 306,759
Changes in actuarial assumptions	6,456,805	125,918
Net collective difference between projected and actual investment earnings	986,273	–
Changes in proportion	755,243	932,292
District’s contributions to the GERF subsequent to the measurement date	<u>2,159,318</u>	<u>–</u>
Total	<u>\$ 10,604,923</u>	<u>\$ 1,364,969</u>

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

The \$2,159,318 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2024	\$ 2,620,139
2025	\$ 2,435,918
2026	\$ (652,760)
2027	\$ 2,677,339

2. TRA Pension Costs

At June 30, 2023, the District reported a liability of \$109,870,510 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Minneapolis School District. The District's proportionate share was 1.3721 percent at the end of the measurement period and 1.3899 percent for the beginning of the period.

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

District's proportionate share of the net pension liability	\$ 109,870,510
State's proportionate share of the net pension liability associated with the District	\$ 8,148,129

For the year ended June 30, 2023, the District recognized negative pension expense of \$16,410,392. It also recognized \$1,120,393 as an increase to pension expense for the support provided by direct aid.

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 1,597,221	\$ 951,253
Changes in actuarial assumptions	17,828,348	20,556,482
Net collective difference between projected and actual investment earnings on pension plan investments	2,492,025	–
Changes in proportion	6,471,022	649,149
District’s contributions to the TRA subsequent to the measurement date	<u>7,378,530</u>	<u>–</u>
 Total	 <u><u>\$ 35,767,146</u></u>	 <u><u>\$ 22,156,884</u></u>

A total of \$7,378,530 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2024	\$ (14,641,349)
2025	\$ 4,519,974
2026	\$ 1,765,280
2027	\$ 14,640,184
2028	\$ (52,357)

E. Long-Term Expected Return on Investment

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

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

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

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

F. Actuarial Methods and Assumptions

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

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

1. GERF

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

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

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

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

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

2. TRA

Salary increases were based on a service-related table.

Mortality Assumptions Used in Valuation of Total Pension Liability

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

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

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

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

The following changes in actuarial assumptions occurred in 2022:

1. GERF

CHANGES IN ACTUARIAL ASSUMPTIONS

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

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

- None.

G. Discount Rate

1. GERF

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

2. TRA

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

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

H. Pension Liability Sensitivity

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

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
GERF discount rate	5.50%	6.50%	7.50%
District’s proportionate share of the GERF net pension liability	\$ 46,762,780	\$ 29,605,084	\$ 15,533,124
TRA discount rate	6.00%	7.00%	8.00%
District’s proportionate share of the TRA net pension liability	\$ 173,204,876	\$ 109,870,510	\$ 57,956,077

I. Pension Plan Fiduciary Net Position

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

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

NOTE 8 – DEFINED BENEFIT PENSION PLAN – DISTRICT

A. Plan Description

The District provides pension benefits to certain eligible individuals and contract groups through its Defined Benefit Pension Plan, a single-employer defined benefit plan administered by the District. Benefit and eligibility provisions are established through individual contracts and negotiations between the District and various unions representing district employees and are renegotiated each two-year bargaining period. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report.

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

These benefits are summarized as follows:

Teacher Pension Benefits – For eligible full-time teachers with at least 20 years of in-district service (or 15 years with the District and 25 years of teaching in the state of Minnesota), hired before July 1, 1997 and at least Step 5 before July 1, 1998, and at least 55 years of age, the District pays a pension benefit equal to 80 days’ pay.

Specialists and Wayzata Kids Site Managers Pension Benefits – For eligible specialists and site managers with at least 20 years of service (or 10 years in-district specialist/manager capacity with a total of 20 years of in-district service, or 25 years of directly related service with 15 of the years in the District), hired before July 1, 2003 for specialists and July 1, 2004 for site managers and not participating in the early retirement incentive matching contribution program, and at least 55 years of age, the District pays a benefit equal to 75 days’ pay.

Secretaries and Paraprofessionals Pension Benefits – For eligible secretaries and paraprofessionals with at least 15 years of service, hired before June 30, 2018, and at least 55 years of age, the District pays a pension benefit equal to 80 days’ pay (or 100 days’ pay for secretaries and paraprofessionals with 20 years of service).

Support Staff and Food Service Pension Benefits – For eligible support staff and food service employees with at least 20 years of in-district service, hired before June 30, 2018, and at least 55 years of age, the District pays a pension benefit equal to 100 days’ pay.

Custodians Pension Benefits – For eligible custodians with at least 15 years of service, hired before June 30, 2018, and at least 55 years of age, the District pays a pension benefit equal to 80 days’ pay.

B. Contributions and Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. There are no invested plan assets accumulated for payment of future benefits. The operating funds are used for the funding of all pension/retirement benefits, which are accounted for in an Internal Service Fund. The District has not established a trust fund to finance these pension benefits.

C. Membership

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

Retirees and beneficiaries receiving benefits	21
Active plan members	<u>321</u>
Total members	<u><u>342</u></u>

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

D. Actuarial Methods and Assumptions

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

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

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

E. Discount Rate

The discount rate used to measure the total pension liability was 3.90 percent. The projection of cash flows used to determine the discount rate was determined by estimating the long-term investment yield on the employer funds that will be used to pay benefits as they come due. The District discount rate used in the prior measurement date was 3.80 percent.

F. Changes in the Total Pension Liability

	<u>Total Pension Liability</u>
Beginning balance – July 1, 2022	\$ 3,745,310
Changes for the year	
Service cost	142,123
Interest	133,916
Assumption changes	(30,488)
Differences between expected and actual experience	192,179
Benefit payments	<u>(733,499)</u>
Total net changes	<u>(295,769)</u>
Ending balance – June 30, 2023	<u>\$ 3,449,541</u>

Assumption changes since the prior measurement date include the following:

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

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

G. Total Pension Liability Sensitivity to Discount Rate Changes

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

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
Pension discount rate	2.90%	3.90%	4.90%
Total pension liability	\$ 3,593,366	\$ 3,449,541	\$ 3,309,931

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

For the current year ended, the District recognized pension expense of \$316,737. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to this pension plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 301,485	\$ –
Changes in actuarial assumptions	<u>77,704</u>	<u>211,826</u>
Total	<u>\$ 379,189</u>	<u>\$ 211,826</u>

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

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2024	\$ 40,698
2025	\$ 40,702
2026	\$ 55,087
2027	\$ 16,060
2028	\$ (8,281)
Thereafter	\$ 23,097

NOTE 9 – DEFINED CONTRIBUTION PENSION PLAN – DISTRICT

On July 1, 2015, the District established a single-employer defined contribution pension plan administered by the District. The plan is offered to all administrators. Benefit and eligibility provisions are established through individual contracts and negotiations between the District and various unions representing district employees and are renegotiated each bargaining period. Eligibility for these benefits is based on years of service and/or minimum age requirements. Annual employer contributions are equal to five percent of the eligible employees' annual salary as of June 30th of each year, paid annually for the 10 fiscal years prior to the employee reaching the eligibility requirements for retirement pay benefits as set forth in their respective contracts.

Employer contributions are payable within 60 days following June 30th of each of the 10 years the employee is eligible to receive the benefits, and are deposited into the Minnesota State Retirement System Healthcare Savings Plan and an IRC § 403(b) retirement account. All employer contributions are tax deferred until the time of withdrawal. At June 30, 2023, there were 15 active plan participants. The District has not established a trust fund to finance these pension benefits.

Total contributions made by the District during the fiscal year ended June 30, 2023 were \$247,297, which is equal to the required contributions and has been recognized as pension expense in the Early Retirement Accounts Internal Service Fund.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

The District provides post-employment benefits to certain eligible employees through the OPEB Plan, a single-employer defined benefit plan administered by the District. Management of the plan is vested with the School Board of the District. All post-employment benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements.

The District has established the Post-Employment Benefits Trust Fund to account for the assets of the plan and finance these obligations. The plan assets may be used only for the payment of benefits of the plan, in accordance with the terms of the plan. The plan does not issue a publicly available financial report.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

B. Benefits Provided

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

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

C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District has established the Post-Employment Benefits Trust Fund to finance these obligations.

D. Membership

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

Retirees and beneficiaries receiving benefits	156
Active plan members	<u>1,530</u>
Total members	<u><u>1,686</u></u>

E. Net OPEB Liability of the District

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

Total OPEB liability	\$ 46,235,123
Plan fiduciary net position	<u>(33,844,610)</u>
District's net OPEB liability	<u><u>\$ 12,390,513</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u><u>73.2%</u></u>

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

F. Actuarial Methods and Assumptions

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

Discount rate	4.70%
Expected long-term investment return	6.30% (net of investment expenses)
20-year municipal bond yield	3.90%
Inflation rate	2.50%
Salary increases	Service graded table
Medical trend rate	6.50% grading to 5.00% over 6 years, then to 4.00% over the next 48 years
Dental trend rate	4.00%

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

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

The District’s policy regarding the allocation of invested assets is established and may be amended by the School Board by a majority vote of its members. It is the policy of the School Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes allowable under state statutes. The investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

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 OPEB 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 arithmetic 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 equity	39.00 %	7.70 %
International equity	21.00	7.50 %
Fixed income	36.00	4.60 %
Cash	4.00	2.20 %
Total	<u>100.00 %</u>	6.30 %

G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 7.2 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

H. Discount Rate

The discount rate used to measure the total OPEB liability was 4.70 percent. The projection of cash flows used to determine the discount rate was determined by projecting forward the fiduciary net position (assets) as of the valuation date, increasing by the investment return assumption, and reducing by benefit payments in each period until assets are exhausted. Expected benefit payments by year were discounted using the expected asset return assumptions for the years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate. The contribution and benefit payment history, as well as the funding policy, have also been taken into account. The District discount rate used in the prior measurement date was 4.40 percent.

I. Changes in the Net OPEB Liability

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Beginning balance – July 1, 2022	\$ 48,125,380	\$ 33,059,992	\$ 15,065,388
Changes for the year			
Service cost	2,432,691	–	2,432,691
Interest	2,177,662	–	2,177,662
Assumption changes	(282,213)	–	(282,213)
Contributions – paid through operating funds	–	561,087	(561,087)
Projected investment return	–	2,082,779	(2,082,779)
Difference between expected and actual experience	(4,063,685)	295,464	(4,359,149)
Benefit payments – paid through trust	(1,593,625)	(1,593,625)	–
Benefit payments – paid through operating funds	(561,087)	(561,087)	–
Total net changes	<u>(1,890,257)</u>	<u>784,618</u>	<u>(2,674,875)</u>
Ending balance – June 30, 2023	<u>\$ 46,235,123</u>	<u>\$ 33,844,610</u>	<u>\$ 12,390,513</u>

Assumption changes since the prior measurement date include the following:

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The salary increase rates for nonteachers were updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.
- The discount rate was changed from 4.40 percent to 4.70 percent.
- The expected long-term investment return was changed from 6.10 percent to 6.30 percent.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

J. Net OPEB Liability Sensitivity to Discount and Healthcare Cost Trend Rate Changes

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 a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB discount rate	3.70%	4.70%	5.70%
Net OPEB liability	\$ 15,409,383	\$ 12,390,513	\$ 9,519,874

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

	<u>1% Decrease in Healthcare Cost Trend Rate</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase in Healthcare Cost Trend Rate</u>
OPEB medical trend rate	5.50% decreasing to 4.00% then 3.00%	6.50% decreasing to 5.00% then 4.00%	7.50% decreasing to 6.00% then 5.00%
OPEB dental trend rate	3.00%	4.00%	5.00%
Net OPEB liability	\$ 9,645,051	\$ 12,390,513	\$ 15,553,839

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

For the current year ended, the District recognized OPEB expense of \$1,393,140. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 1,109,252	\$ 5,135,286
Changes in actuarial assumptions	1,835,071	6,469,540
Net collective differences between projected and actual investment earnings on OPEB plan investments	<u>1,688,157</u>	<u>—</u>
Total	<u>\$ 4,632,480</u>	<u>\$ 11,604,826</u>

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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

Year Ending June 30,	OPEB Expense Amount
2024	\$ (1,074,370)
2025	\$ (949,377)
2026	\$ 324,494
2027	\$ (1,074,056)
2028	\$ (997,601)
Thereafter	\$ (3,201,436)

NOTE 11 – FLEXIBLE BENEFIT PLAN

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

Before the beginning of the Plan year, which is from July 1 to June 30, each participant designates a total amount of pretax dollars to be contributed to the Plan during the year. At June 30, the District is contingently liable for total contributions to the medical reimbursement portion of the Plan, whether or not such contributions have been made.

All assets of the Plan are held in the District's general checking account and are administered by an employee of the District. Payments of insurance premiums (health, dental, life, and disability) are made by the District directly to the designated service providers. These payments are made on a timely basis and are accounted for primarily in the District's Self-Insurance Accounts Internal Service Fund. The medical reimbursement and dependent care activity in the financial statements is accounted for in the General Fund.

All property of the Plan and income attributable to that property is solely the property of the District, subject to the claims of the District's general creditors. Participants' rights under the Plan are equal to those of general creditors of the District in an amount equal to the eligible healthcare and dependent care expenses incurred by the participants. The District believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 12 – INTERFUND BALANCES AND TRANSACTIONS

A. Interfund Receivables and Payables

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

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 7,499,036	\$ 1,732,838
Internal Service Fund	1,732,838	5,905,411
Post-Employment Benefits Trust Fund	—	<u>1,593,625</u>
	<u>\$ 9,231,874</u>	<u>\$ 9,231,874</u>

As of June 30, 2023, the District had an interfund receivable in the General Fund of \$1,593,625 due from the Post-Employment Benefits Trust Fund to reimburse post-employment benefit costs.

As of June 30, 2023, the District had an interfund receivable in the General Fund of \$1,402,763 and \$4,502,648, respectively, due from the Self-Insurance Accounts and Early Retirement Accounts Internal Service Fund to eliminate temporary cash balance deficits.

As of June 30, 2023, the District’s Internal Service Fund had an interfund receivable of \$1,732,838 due from the General Fund for medical and dental insurance premiums.

Such interfund balances are reported in the fund financial statements, but are eliminated as necessary in the government-wide financial statements.

B. Interfund Transfers

The Self-Insurance Accounts Internal Service Fund transferred \$622,962 to the General Fund to allocate additional resources to the fund.

Such interfund transfers are reported in the fund financial statements, but are eliminated in the government-wide financial statements.

NOTE 13 – STEWARDSHIP AND ACCOUNTABILITY

As of June 30, 2023, the District’s Early Retirement Accounts Internal Service Fund had a deficit net position of \$4,035,929. This deficit is expected to be eliminated through future charges for services.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

A. Legal Claims

The District has the usual and customary types of miscellaneous legal claims pending at year-end, mostly of a minor nature and usually covered by insurance carried for that purpose. Although the outcomes of these claims are not presently determinable, the District believes that the resolution of these matters will not have a material adverse effect on its financial position.

B. Federal and State Revenues

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

C. Construction Contracts

At June 30, 2023, the District had commitments totaling \$2,190,932 under various construction contracts for which the work was not yet completed.

NOTE 15 – SUBSEQUENT EVENTS

A. Finance Purchase

In July 2023, the District entered into a finance purchase agreement for technology equipment totaling \$1,117,052 with an interest rate of zero percent and payments over three years. The lease matures in July 2025.

B. General Obligation Bonds

In October 2023, the District awarded the sale of \$3,105,000 of General Obligation School Building Bonds, Series 2023A. The bonds bear an interest rate of 5 percent and mature in 2027.

C. Building Acquisition

In September 2023, the District entered into a purchase agreement to purchase a district office building at a purchase price of \$7,750,000.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 284

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

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.4010%	\$ 18,836,971	\$ -	\$ 18,836,971	\$ 21,580,149	87.29%	78.70%
06/30/2016	06/30/2015	0.3690%	\$ 19,123,495	\$ -	\$ 19,123,495	\$ 21,662,426	88.28%	78.20%
06/30/2017	06/30/2016	0.3669%	\$ 29,790,460	\$ 388,978	\$ 30,179,438	\$ 22,576,588	131.95%	68.90%
06/30/2018	06/30/2017	0.3681%	\$ 23,499,261	\$ 295,505	\$ 23,794,766	\$ 23,723,555	99.05%	75.90%
06/30/2019	06/30/2018	0.3717%	\$ 20,620,393	\$ 676,399	\$ 21,296,792	\$ 24,982,890	82.54%	79.50%
06/30/2020	06/30/2019	0.3687%	\$ 20,384,597	\$ 633,639	\$ 21,018,236	\$ 26,067,142	78.20%	80.20%
06/30/2021	06/30/2020	0.3909%	\$ 23,436,241	\$ 722,773	\$ 24,159,014	\$ 27,873,561	84.08%	79.10%
06/30/2022	06/30/2021	0.3598%	\$ 15,365,070	\$ 469,233	\$ 15,834,303	\$ 25,899,722	59.33%	87.00%
06/30/2023	06/30/2022	0.3738%	\$ 29,605,084	\$ 868,026	\$ 30,473,110	\$ 28,005,478	105.71%	76.70%

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

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 1,591,536	\$ 1,591,536	\$ -	\$ 21,662,426	7.35%
06/30/2016	\$ 1,693,427	\$ 1,693,427	\$ -	\$ 22,576,588	7.50%
06/30/2017	\$ 1,778,667	\$ 1,778,667	\$ -	\$ 23,723,555	7.50%
06/30/2018	\$ 1,874,024	\$ 1,874,024	\$ -	\$ 24,982,890	7.50%
06/30/2019	\$ 1,957,080	\$ 1,957,080	\$ -	\$ 26,067,142	7.51%
06/30/2020	\$ 2,090,441	\$ 2,090,441	\$ -	\$ 27,873,561	7.50%
06/30/2021	\$ 1,942,777	\$ 1,942,777	\$ -	\$ 25,899,722	7.50%
06/30/2022	\$ 2,100,130	\$ 2,100,130	\$ -	\$ 28,005,478	7.50%
06/30/2023	\$ 2,159,318	\$ 2,159,318	\$ -	\$ 28,793,555	7.50%

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

INDEPENDENT SCHOOL DISTRICT NO. 284

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

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	1.2442%	\$ 57,331,835	\$ 4,033,134	\$ 61,364,969	\$ 59,468,413	96.41%	81.50%
06/30/2016	06/30/2015	1.1745%	\$ 72,654,441	\$ 8,912,006	\$ 81,566,447	\$ 59,480,901	122.15%	76.80%
06/30/2017	06/30/2016	1.1661%	\$278,142,672	\$ 27,917,266	\$306,059,938	\$ 60,632,426	458.74%	44.88%
06/30/2018	06/30/2017	1.1747%	\$234,491,429	\$ 22,668,335	\$257,159,764	\$ 63,155,618	371.29%	51.57%
06/30/2019	06/30/2018	1.2131%	\$ 76,194,035	\$ 7,158,801	\$ 83,352,836	\$ 66,998,054	113.73%	78.07%
06/30/2020	06/30/2019	1.2994%	\$ 82,824,029	\$ 7,329,713	\$ 90,153,742	\$ 73,710,617	112.36%	78.21%
06/30/2021	06/30/2020	1.3610%	\$100,552,504	\$ 8,426,843	\$108,979,347	\$ 79,018,615	127.25%	75.48%
06/30/2022	06/30/2021	1.3899%	\$ 60,826,180	\$ 5,129,930	\$ 65,956,110	\$ 83,120,796	73.18%	86.63%
06/30/2023	06/30/2022	1.3721%	\$109,870,510	\$ 8,148,129	\$118,018,639	\$ 85,090,593	129.12%	76.17%

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

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 4,460,131	\$ 4,460,131	\$ -	\$ 59,480,901	7.50%
06/30/2016	\$ 4,549,049	\$ 4,549,049	\$ -	\$ 60,632,426	7.50%
06/30/2017	\$ 4,742,705	\$ 4,742,705	\$ -	\$ 63,155,618	7.51%
06/30/2018	\$ 5,026,531	\$ 5,026,531	\$ -	\$ 66,998,054	7.50%
06/30/2019	\$ 5,687,795	\$ 5,687,795	\$ -	\$ 73,710,617	7.72%
06/30/2020	\$ 6,263,877	\$ 6,263,877	\$ -	\$ 79,018,615	7.93%
06/30/2021	\$ 6,762,053	\$ 6,762,053	\$ -	\$ 83,120,796	8.14%
06/30/2022	\$ 7,072,897	\$ 7,072,897	\$ -	\$ 85,090,593	8.31%
06/30/2023	\$ 7,378,530	\$ 7,378,530	\$ -	\$ 86,754,771	8.51%

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

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	District Fiscal Year-End Date						
	2017	2018	2019	2020	2021	2022	2023
Total pension liability							
Service cost	\$ 252,269	\$ 235,778	\$ 211,666	\$ 241,804	\$ 214,722	\$ 170,908	\$ 142,123
Interest	177,900	178,321	211,234	140,881	103,701	85,986	133,916
Assumption changes	–	(115,172)	56,141	83,005	26,516	(219,666)	(30,488)
Plan changes	–	–	(1,726,541)	–	(2,433)	–	–
Difference between expected and actual experience	–	–	256,067	–	71,297	–	192,179
Benefit payments	(512,772)	(283,900)	(495,456)	(563,410)	(761,355)	(428,943)	(733,499)
Net change in total pension liability	(82,603)	15,027	(1,486,889)	(97,720)	(347,552)	(391,715)	(295,769)
Total pension liability – beginning of year	<u>6,136,762</u>	<u>6,054,159</u>	<u>6,069,186</u>	<u>4,582,297</u>	<u>4,484,577</u>	<u>4,137,025</u>	<u>3,745,310</u>
Total pension liability – end of year	<u>\$ 6,054,159</u>	<u>\$ 6,069,186</u>	<u>\$ 4,582,297</u>	<u>\$ 4,484,577</u>	<u>\$ 4,137,025</u>	<u>\$ 3,745,310</u>	<u>\$ 3,449,541</u>
Covered-employee payroll	<u>\$28,004,800</u>	<u>\$28,844,944</u>	<u>\$19,728,311</u>	<u>\$20,320,160</u>	<u>\$16,542,845</u>	<u>\$17,039,131</u>	<u>\$14,779,450</u>
Total pension liability as a percentage of covered-employee payroll	<u>21.62%</u>	<u>21.04%</u>	<u>23.23%</u>	<u>22.07%</u>	<u>25.01%</u>	<u>21.98%</u>	<u>23.34%</u>

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

Note 2: The District implemented GASB Statement No. 73 in fiscal 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	District Fiscal Year-End Date						
	2017	2018	2019	2020	2021	2022	2023
Total OPEB liability							
Service cost	\$ 2,551,063	\$ 2,390,402	\$ 2,693,689	\$ 3,223,065	\$ 3,011,908	\$ 2,745,593	\$ 2,432,691
Interest	1,454,492	1,513,499	1,677,230	1,731,921	1,473,157	1,703,045	2,177,662
Assumption changes	–	(1,204,821)	851,818	2,621,680	(5,116,533)	(2,794,384)	(282,213)
Plan changes	–	(1,097,125)	871,345	–	24,568	–	–
Difference between expected and actual experience	–	–	(1,008,111)	–	(1,535,825)	1,386,566	(4,063,685)
Benefit payments	(1,993,798)	(2,327,031)	(1,956,000)	(1,665,554)	(1,452,227)	(1,642,420)	(2,154,712)
Net change in total OPEB liability	2,011,757	(725,076)	3,129,971	5,911,112	(3,594,952)	1,398,400	(1,890,257)
Total OPEB liability – beginning of year	39,994,168	42,005,925	41,280,849	44,410,820	50,321,932	46,726,980	48,125,380
Total OPEB liability – end of year	42,005,925	41,280,849	44,410,820	50,321,932	46,726,980	48,125,380	46,235,123
Plan fiduciary net position							
Contributions – employer	293,798	27,031	–	65,554	102,227	142,420	561,087
Projected investment return	1,366,041	1,456,650	1,648,705	1,290,620	1,949,067	2,416,355	2,082,779
Difference between expected and actual experience	1,657,592	1,002,046	300,328	624,945	6,369,376	(7,662,109)	295,464
Benefit payments	(1,993,798)	(2,327,031)	(1,956,000)	(1,665,554)	(1,452,227)	(1,642,420)	(2,154,712)
Net change in plan fiduciary net position	1,323,633	158,696	(6,967)	315,565	6,968,443	(6,745,754)	784,618
Plan fiduciary net position – beginning of year	31,046,376	32,370,009	32,528,705	32,521,738	32,837,303	39,805,746	33,059,992
Plan fiduciary net position – end of year	32,370,009	32,528,705	32,521,738	32,837,303	39,805,746	33,059,992	33,844,610
Net OPEB liability	\$ 9,635,916	\$ 8,752,144	\$ 11,889,082	\$ 17,484,629	\$ 6,921,234	\$ 15,065,388	\$ 12,390,513
Fiduciary net position as a percentage of the total OPEB liability	77.06%	78.80%	73.23%	65.25%	85.19%	68.70%	73.20%
Covered-employee payroll	\$ 82,333,402	\$ 84,803,404	\$ 91,067,372	\$ 93,799,393	\$ 101,974,315	\$ 105,033,544	\$ 108,624,104
Net OPEB liability as a percentage of covered-employee payroll	11.70%	10.32%	13.06%	18.64%	6.79%	14.34%	11.41%

Note: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 284

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

<u>Year</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2017	9.7%
2018	7.6%
2019	6.0%
2020	5.9%
2021	25.7%
2022	(13.1%)
2023	7.2%

Note: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 284

Notes to Required Supplementary Information
June 30, 2023

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2020 CHANGES IN PLAN PROVISIONS

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

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 284

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2019 CHANGES IN PLAN PROVISIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 284

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2017 CHANGES IN PLAN PROVISIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 284

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

TEACHERS RETIREMENT ASSOCIATION (TRA)

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 284

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

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 284

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

PENSION BENEFITS PLAN

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 CHANGES IN PLAN PROVISIONS

- Wayzata Kids site managers are covered by the specialists' contract. Therefore, the Governmental Accounting Standards Board (GASB) Statement No. 73 benefit for employees who meet the eligibility requirements is now 75.00 percent of 100 days (instead of 100.00 percent of 80 days) multiplied by the daily rate of pay, which is paid as a lump sum to a 403(b) plan. The remaining 25.00 percent is paid to a Healthcare Savings Plan and is included under GASB Statement No. 75.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

PENSION BENEFITS PLAN (CONTINUED)

2019 CHANGES IN PLAN PROVISIONS

- A sunset date of June 30, 2018 was added for custodians, food service employees, paraprofessionals, secretaries, and support staff. Only employees hired before this date are eligible for GASB Statement No. 73 benefits.
- Secretaries and paraprofessionals with 15 years of service no longer need to retire by June 30, 2018 in order to receive a GASB Statement No. 73 benefit.
- GASB Statement No. 73 benefits were only valued for teachers who attained Step 5 or greater by July 1, 1998. Previously, all teachers hired by July 1, 1998 were assumed to receive a GASB Statement No. 73 benefit.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 284

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

OTHER POST-EMPLOYMENT BENEFITS PLAN

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The salary increase rates for nonteachers were updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.
- The discount rate was changed from 4.40 percent to 4.70 percent.
- The expected long-term investment return was changed from 6.10 percent to 6.30 percent.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 6.30 percent to 6.10 percent.
- The discount rate was changed from 3.50 percent to 4.40 percent.

2021 CHANGES IN PLAN PROVISIONS

- The superintendent's eligibility for GASB Statement No. 75 post-employment subsidies changed from age 55 with 9 years of service to age 55 with 10 years of service. The district-paid life insurance subsidy (based on \$750,000) now ends at age 70 rather than age 65.
- Wayzata Kids site managers are now covered by the specialists' contract. Therefore, 25.00 percent of the 100 days of pay severance benefit is now paid to a Healthcare Savings Plan and is included in this valuation. The other 75.00 percent is paid to a 403(b) plan and is included under GASB Statement No. 73. The District also paid a dental subsidy up to \$120 per month instead of the full single premium amount.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees to rates which vary by service and contract group.
- The expected long-term investment return was changed from 4.00 percent to 6.30 percent.
- The discount rate was changed from 2.80 percent to 3.50 percent.

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 5.10 percent to 4.00 percent.
- The discount rate was changed from 3.70 percent to 2.80 percent.

2019 CHANGES IN PLAN PROVISIONS

- A sunset date of June 30, 2018 was added for custodians, food service employees, Home Base site managers, paraprofessionals, secretaries, specialists, and support staff. Only employees hired before this date are eligible for GASB Statement No. 75 post-employment subsidies.
- The teachers' limits on post-employment medical subsidies were increased from \$920 to \$980 per month for employees and an additional increase of \$490 to \$540 per month for spouses.
- Post-employment subsidies were changed for Home Base site managers, specialists, and support staff. They now receive \$1,000 per month toward medical insurance and up to \$120 per month toward dental insurance (with the exception of Home Base site managers who will receive full single dental premiums while retired) payable from retirement until age 65, but calculated at retirement and paid as a lump sum to a Healthcare Savings Plan.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The expected long-term investment return was changed from 4.50 percent to 5.10 percent.
- The discount rate was changed from 3.90 percent to 3.70 percent.

2018 CHANGES IN PLAN PROVISIONS

- A hire by date of July 30, 2018 was added in order to be eligible for post-employment medical, dental, and life insurance subsidies for administrators, executive directors, and principals.
- For administrators, executive directors, and principals, the District's post-employment medical contributions were changed to equal \$1,000 per month, payable from retirement until age 65. The District's post-employment dental contributions were changed to equal the full employee and spouse premiums, but limited to \$120 per month. These subsidies will be calculated at retirement and will be paid as lump sums to a Healthcare Savings Plan within 60 days of retirement.
- The post-employment life insurance premium subsidies were updated to equal full salary at retirement payable until age 70 and \$25,000 thereafter for the administrators, executive directors, and principals.

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 4.40 percent to 4.50 percent.
- The discount rate was changed from 3.50 percent to 3.90 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality table was updated from RP-2000 projected to 2014 with Scale BB to the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale.
- The withdrawal table for all employees and the retirement table for only employees eligible to retire with Rule of 90 were also updated.
- The discount rate was changed from 6.00 percent to 3.50 percent.
- The percentage of future retirees who are assumed to continue on one of the District's medical plans, post-employment, was reduced from 50.00 percent to 10.00 percent for part-time custodians, food service employees, and paraprofessionals.

SUPPLEMENTAL INFORMATION

GOVERNMENTAL FUNDS

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

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

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	Special Revenue Funds		Total
	Food Service	Community Service	
Assets			
Cash and temporary investments	\$ 1,899,670	\$ 4,738,455	\$ 6,638,125
Receivables			
Current taxes	–	1,068,557	1,068,557
Delinquent taxes	–	14,342	14,342
Accounts and interest	265	69,865	70,130
Due from other governmental units	62,801	172,754	235,555
Inventory	197,530	–	197,530
Total assets	<u>\$ 2,160,266</u>	<u>\$ 6,063,973</u>	<u>\$ 8,224,239</u>
Liabilities			
Salaries payable	\$ 27,741	\$ 249,057	\$ 276,798
Accounts and contracts payable	72,241	193,197	265,438
Unearned revenue	482,712	639,911	1,122,623
Total liabilities	<u>582,694</u>	<u>1,082,165</u>	<u>1,664,859</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	–	2,154,253	2,154,253
Unavailable revenue – delinquent taxes	–	11,379	11,379
Total deferred inflows of resources	<u>–</u>	<u>2,165,632</u>	<u>2,165,632</u>
Fund balances			
Nonspendable	197,530	–	197,530
Restricted	1,380,042	2,816,176	4,196,218
Total fund balances	<u>1,577,572</u>	<u>2,816,176</u>	<u>4,393,748</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,160,266</u>	<u>\$ 6,063,973</u>	<u>\$ 8,224,239</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	Special Revenue Funds		Total
	Food Service	Community Service	
Revenue			
Local sources			
Property taxes	\$ -	\$ 2,092,123	\$ 2,092,123
Other	5,069,270	10,035,942	15,105,212
State sources	303,176	1,041,499	1,344,675
Federal sources	2,572,661	415,711	2,988,372
Total revenue	<u>7,945,107</u>	<u>13,585,275</u>	<u>21,530,382</u>
Expenditures			
Current			
Food service	7,610,322	-	7,610,322
Community service	-	11,767,021	11,767,021
Capital outlay	91,916	105,195	197,111
Debt service			
Principal	16,756	-	16,756
Total expenditures	<u>7,718,994</u>	<u>11,872,216</u>	<u>19,591,210</u>
Excess of revenue over expenditures	226,113	1,713,059	1,939,172
Other financing sources			
Technology subscription issued	48,360	-	48,360
Net change in fund balances	274,473	1,713,059	1,987,532
Fund balances			
Beginning of year	<u>1,303,099</u>	<u>1,103,117</u>	<u>2,406,216</u>
End of year	<u>\$ 1,577,572</u>	<u>\$ 2,816,176</u>	<u>\$ 4,393,748</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	\$ 55,515,238	\$ 55,251,149
Cash and investments held by trustee	462,000	70,000
Receivables		
Current taxes	34,709,711	33,224,910
Delinquent taxes	480,307	484,195
Accounts and interest	332,025	558,657
Due from other governmental units	16,720,080	11,669,870
Due from other funds	7,499,036	3,037,697
Lease	573,201	600,516
Inventory	130,132	143,823
Prepaid items	66,230	11,872
	<u>\$ 116,487,960</u>	<u>\$ 105,052,689</u>
Liabilities		
Salaries payable	\$ 315,278	\$ 313,055
Accounts and contracts payable	5,613,297	2,851,757
Due to other governmental units	629,352	875,141
Due to other funds	1,732,838	1,693,638
Unearned revenue	530,241	538,009
Total liabilities	<u>8,821,006</u>	<u>6,271,600</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	65,749,344	62,743,440
Lease revenue for subsequent years	573,201	600,516
Unavailable revenue – delinquent taxes	391,082	363,996
Total deferred inflows of resources	<u>66,713,627</u>	<u>63,707,952</u>
Fund balances		
Nonspendable for inventory	130,132	143,823
Nonspendable for prepaid items	66,230	11,872
Restricted for scholarships	228,306	255,463
Restricted for capital projects levy	4,352,487	3,430,756
Restricted for operating capital	2,688,608	1,303,620
Restricted for long-term facilities maintenance	12,141,697	3,415,754
Restricted for Medical Assistance	264,122	107,785
Assigned for local collaborative time study	702,431	586,066
Assigned for reemployment insurance	837,800	137,800
Assigned for site carryover	752,355	837,785
Assigned for Q compensation	384,169	897
Assigned for school opening costs	695,305	695,305
Assigned for workers' compensation escrow	70,000	70,000
Assigned for post-employment obligations	1,792,340	2,156,636
Assigned for subsequent year budget	-	3,362,700
Assigned for enrollment	2,768,252	3,500,828
Unassigned	13,079,093	15,056,047
Total fund balances	<u>40,953,327</u>	<u>35,073,137</u>
	<u>\$ 116,487,960</u>	<u>\$ 105,052,689</u>
Total liabilities, deferred inflows of resources, and fund balances		
	<u>\$ 116,487,960</u>	<u>\$ 105,052,689</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	2023		Over (Under) Budget	2022
	Budget	Actual		Actual
Revenue				
Local sources				
Property taxes	\$ 67,732,463	\$ 67,500,322	\$ (232,141)	\$ 67,550,362
Investment earnings	1,500,000	2,415,083	915,083	1,646,501
Other	4,190,343	5,727,947	1,537,604	5,253,963
State sources	113,990,341	115,837,133	1,846,792	110,159,564
Federal sources	6,883,440	4,762,760	(2,120,680)	6,778,368
Total revenue	194,296,587	196,243,245	1,946,658	191,388,758
Expenditures				
Current				
Administration				
Salaries	4,371,065	4,371,526	461	3,872,914
Employee benefits	1,404,471	1,531,504	127,033	1,385,617
Purchased services	144,346	120,156	(24,190)	100,262
Supplies and materials	53,150	59,530	6,380	64,857
Capital expenditures	9,980	28,469	18,489	9,681
Other expenditures	54,400	73,649	19,249	50,614
Total administration	6,037,412	6,184,834	147,422	5,483,945
District support services				
Salaries	3,520,381	3,365,173	(155,208)	3,463,219
Employee benefits	592,776	1,368,064	775,288	1,332,339
Purchased services	1,134,360	858,780	(275,580)	789,340
Supplies and materials	853,125	186,237	(666,888)	324,325
Capital expenditures	1,127,143	393,441	(733,702)	19,280
Other expenditures	11,372	7,258	(4,114)	6,667
Total district support services	7,239,157	6,178,953	(1,060,204)	5,935,170
Elementary and secondary regular instruction				
Salaries	62,406,430	60,711,429	(1,695,001)	60,802,765
Employee benefits	18,856,055	19,378,756	522,701	18,251,660
Purchased services	2,445,995	3,532,070	1,086,075	2,778,266
Supplies and materials	3,417,916	2,313,644	(1,104,272)	1,980,691
Capital expenditures	200,500	387,726	187,226	355,714
Other expenditures	592,552	647,103	54,551	689,862
Total elementary and secondary regular instruction	87,919,448	86,970,728	(948,720)	84,858,958

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	2023		Over (Under) Budget	2022
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	1,948,795	2,157,536	208,741	2,031,513
Employee benefits	673,126	728,369	55,243	692,958
Purchased services	383,721	326,291	(57,430)	1,012,057
Supplies and materials	17,320	48,168	30,848	24,901
Capital expenditures	7,140	19,006	11,866	13,217
Other expenditures	24,000	20,783	(3,217)	21,982
Total vocational education instruction	3,054,102	3,300,153	246,051	3,796,628
Special education instruction				
Salaries	17,598,682	17,166,314	(432,368)	15,846,182
Employee benefits	5,812,517	6,074,715	262,198	5,547,517
Purchased services	495,109	740,120	245,011	420,807
Supplies and materials	132,825	192,537	59,712	174,304
Capital expenditures	12,500	6,334	(6,166)	17,592
Other expenditures	133,060	157,245	24,185	168,460
Total special education instruction	24,184,693	24,337,265	152,572	22,174,862
Instructional support services				
Salaries	9,017,665	9,118,093	100,428	9,219,052
Employee benefits	3,013,319	4,124,222	1,110,903	3,618,565
Purchased services	2,127,115	1,253,440	(873,675)	689,985
Supplies and materials	1,930,192	2,458,639	528,447	2,179,920
Capital expenditures	2,896,750	1,450,106	(1,446,644)	3,085,907
Other expenditures	24,550	27,926	3,376	33,471
Total instructional support services	19,009,591	18,432,426	(577,165)	18,826,900
Pupil support services				
Salaries	4,363,873	4,149,242	(214,631)	3,904,825
Employee benefits	965,653	1,353,754	388,101	1,096,293
Purchased services	13,402,346	13,229,366	(172,980)	12,186,203
Supplies and materials	324,112	408,109	83,997	383,628
Capital expenditures	31,180	49,620	18,440	53,518
Other expenditures	750	1,914	1,164	1,229
Total pupil support services	19,087,914	19,192,005	104,091	17,625,696

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	2023		Over (Under) Budget	2022
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	5,800,401	5,867,046	66,645	5,647,311
Employee benefits	2,578,577	2,192,169	(386,408)	2,057,446
Purchased services	8,646,289	9,220,643	574,354	5,681,348
Supplies and materials	1,003,600	1,533,651	530,051	1,265,312
Capital expenditures	11,762,075	3,570,088	(8,191,987)	5,625,565
Other expenditures	174,250	56,430	(117,820)	67,934
Total sites and buildings	<u>29,965,192</u>	<u>22,440,027</u>	<u>(7,525,165)</u>	<u>20,344,916</u>
Fiscal and other fixed cost programs				
Purchased services	828,000	825,125	(2,875)	851,925
Other expenditures	—	42,565	42,565	43,100
Total fiscal and other fixed cost programs	<u>828,000</u>	<u>867,690</u>	<u>39,690</u>	<u>895,025</u>
Debt service				
Principal	4,011,958	3,918,902	(93,056)	3,944,352
Interest and fiscal charges	707,932	726,668	18,736	786,967
Total debt service	<u>4,719,890</u>	<u>4,645,570</u>	<u>(74,320)</u>	<u>4,731,319</u>
Total expenditures	<u>202,045,399</u>	<u>192,549,651</u>	<u>(9,495,748)</u>	<u>184,673,419</u>
Excess (deficiency) of revenue over expenditures	(7,748,812)	3,693,594	11,442,406	6,715,339
Other financing sources (uses)				
Finance purchase issued	1,181,850	1,181,850	—	2,251,230
Technology subscription issued	—	350,565	350,565	—
Insurance recovery	—	31,219	31,219	210,326
Transfers in	—	622,962	622,962	—
Transfers (out)	—	—	—	(960,775)
Total other financing sources (uses)	<u>1,181,850</u>	<u>2,186,596</u>	<u>1,004,746</u>	<u>1,500,781</u>
Net change in fund balances	<u>\$ (6,566,962)</u>	5,880,190	<u>\$ 12,447,152</u>	8,216,120
Fund balances				
Beginning of year		<u>35,073,137</u>		<u>26,857,017</u>
End of year		<u>\$ 40,953,327</u>		<u>\$ 35,073,137</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	\$ 1,899,670	\$ 1,655,674
Receivables		
Accounts and interest	265	1,592
Due from other governmental units	62,801	29,029
Inventory	<u>197,530</u>	<u>50,925</u>
Total assets	<u>\$ 2,160,266</u>	<u>\$ 1,737,220</u>
Liabilities		
Salaries payable	\$ 27,741	\$ 5,644
Accounts and contracts payable	72,241	55,523
Unearned revenue	482,712	372,954
Total liabilities	<u>582,694</u>	<u>434,121</u>
Fund balances		
Nonspendable for inventory	197,530	50,925
Restricted for food service	1,380,042	1,252,174
Total fund balances	<u>1,577,572</u>	<u>1,303,099</u>
Total liabilities and fund balances	<u>\$ 2,160,266</u>	<u>\$ 1,737,220</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	2023		Over (Under) Budget	2022
	Budget	Actual		Actual
Revenue				
Local sources				
Other – primarily meal sales	\$ 5,112,363	\$ 5,069,270	\$ (43,093)	\$ 1,121,098
State sources	216,199	303,176	86,977	263,972
Federal sources	2,421,446	2,572,661	151,215	8,211,292
Total revenue	<u>7,750,008</u>	<u>7,945,107</u>	<u>195,099</u>	<u>9,596,362</u>
Expenditures				
Current				
Salaries	2,427,357	2,467,033	39,676	2,495,054
Employee benefits	990,348	888,784	(101,564)	925,001
Purchased services	453,875	297,637	(156,238)	640,923
Supplies and materials	3,541,482	3,941,281	399,799	4,005,881
Other expenditures	18,500	15,587	(2,913)	19,373
Capital outlay	50,000	91,916	41,916	11,725
Debt service				
Principal	–	16,756	16,756	–
Total expenditures	<u>7,481,562</u>	<u>7,718,994</u>	<u>237,432</u>	<u>8,097,957</u>
Excess (deficiency) of revenue over expenditures	268,446	226,113	(42,333)	1,498,405
Other financing sources				
Technology subscription issued	–	48,360	48,360	–
Net change in fund balances	<u>\$ 268,446</u>	<u>274,473</u>	<u>\$ 6,027</u>	<u>1,498,405</u>
Fund balances				
Beginning of year		<u>1,303,099</u>		<u>(195,306)</u>
End of year		<u>\$ 1,577,572</u>		<u>\$ 1,303,099</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	\$ 4,738,455	\$ 2,752,302
Receivables		
Current taxes	1,068,557	1,041,626
Delinquent taxes	14,342	13,243
Accounts and interest	69,865	91,737
Due from other governmental units	172,754	229,475
Lease	-	62,498
Prepaid items	-	3,455
	<u> </u>	<u> </u>
Total assets	<u>\$ 6,063,973</u>	<u>\$ 4,194,336</u>
Liabilities		
Salaries payable	\$ 249,057	\$ 288,562
Accounts and contracts payable	193,197	55,280
Unearned revenue	639,911	568,522
Total liabilities	<u>1,082,165</u>	<u>912,364</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	2,154,253	2,106,932
Lease revenue for subsequent years	-	62,498
Unavailable revenue – delinquent taxes	11,379	9,425
Total deferred inflows of resources	<u>2,165,632</u>	<u>2,178,855</u>
Fund balances		
Nonspendable for prepaid items	-	3,455
Restricted for community education programs	2,418,323	816,161
Restricted for early childhood family education programs	53,322	37,367
Restricted for school readiness	181,519	165,624
Restricted for community service	163,012	80,510
Total fund balances	<u>2,816,176</u>	<u>1,103,117</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,063,973</u>	<u>\$ 4,194,336</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	2023		Over (Under) Budget	2022
	Budget	Actual		Actual
Revenue				
Local sources				
Property taxes	\$ 2,105,550	\$ 2,092,123	\$ (13,427)	\$ 2,185,022
Other – primarily tuition and fees	9,639,822	10,035,942	396,120	9,440,594
State sources	590,415	1,041,499	451,084	1,006,941
Federal sources	417,899	415,711	(2,188)	449,460
Total revenue	<u>12,753,686</u>	<u>13,585,275</u>	<u>831,589</u>	<u>13,082,017</u>
Expenditures				
Current				
Salaries	7,702,929	7,439,970	(262,959)	7,122,105
Employee benefits	2,509,816	2,376,933	(132,883)	2,272,834
Purchased services	1,311,527	1,397,236	85,709	1,287,870
Supplies and materials	456,598	548,993	92,395	421,170
Other expenditures	6,040	3,889	(2,151)	3,249
Capital outlay	131,550	105,195	(26,355)	27,876
Total expenditures	<u>12,118,460</u>	<u>11,872,216</u>	<u>(246,244)</u>	<u>11,135,104</u>
Net change in fund balances	<u>\$ 635,226</u>	1,713,059	<u>\$ 1,077,833</u>	1,946,913
Fund balances				
Beginning of year		<u>1,103,117</u>		<u>(843,796)</u>
End of year		<u>\$ 2,816,176</u>		<u>\$ 1,103,117</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	\$ 8,050,285	\$ 10,855,967
Cash and investments held by trustee	29,680	28,510
Receivables		
Accounts and interest	2,398	–
Due from other governmental units	–	1,199
	<u>–</u>	<u>1,199</u>
Total assets	<u>\$ 8,082,363</u>	<u>\$ 10,885,676</u>
Liabilities		
Accounts and contracts payable	\$ 65,048	\$ 1,453,194
Fund balances		
Restricted for capital projects	<u>8,017,315</u>	<u>9,432,482</u>
Total liabilities and fund balances	<u>\$ 8,082,363</u>	<u>\$ 10,885,676</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	\$ –	\$ 465,992	\$ 465,992	\$ 27,499
Other	–	25,393	25,393	634,374
Total revenue	–	491,385	491,385	661,873
Expenditures				
Capital outlay				
Salaries	50,000	20,000	(30,000)	52,127
Employee benefits	25,800	2,945	(22,855)	8,415
Purchased services	515,000	367,951	(147,049)	866,918
Capital expenditures	5,424,200	1,515,656	(3,908,544)	4,228,836
Total expenditures	6,015,000	1,906,552	(4,108,448)	5,156,296
Net change in fund balances	\$ (6,015,000)	(1,415,167)	\$ 4,599,833	(4,494,423)
Fund balances				
Beginning of year		9,432,482		13,926,905
End of year		\$ 8,017,315		\$ 9,432,482

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	\$ 11,858,668	\$ 11,408,968
Cash and investments held by trustee	-	1,000
Receivables		
Current taxes	7,921,295	8,171,520
Delinquent taxes	114,123	114,904
Due from other governmental units	<u>1,058</u>	<u>924</u>
Total assets	<u>\$ 19,895,144</u>	<u>\$ 19,697,316</u>
Liabilities		
Accounts and contracts payable	\$ -	\$ 1,000
Deferred inflows of resources		
Property taxes levied for subsequent year	15,969,580	16,528,296
Unavailable revenue – delinquent taxes	<u>89,222</u>	<u>88,928</u>
Total deferred inflows of resources	<u>16,058,802</u>	<u>16,617,224</u>
Fund balances		
Restricted for debt service	<u>3,836,342</u>	<u>3,079,092</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 19,895,144</u>	<u>\$ 19,697,316</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	2023		Over (Under) Budget	2022
	Budget	Actual		Actual
Revenue				
Local sources				
Property taxes	\$ 16,512,148	\$ 16,425,992	\$ (86,156)	\$ 15,137,719
State sources	5,400	10,583	5,183	9,236
Total revenue	<u>16,517,548</u>	<u>16,436,575</u>	<u>(80,973)</u>	<u>15,146,955</u>
Expenditures				
Debt service				
Principal	9,780,000	9,780,000	–	10,010,000
Interest	5,896,475	5,896,475	–	4,856,666
Fiscal charges and other	2,500	2,850	350	902,382
Total expenditures	<u>15,678,975</u>	<u>15,679,325</u>	<u>350</u>	<u>15,769,048</u>
Excess (deficiency) of revenue over expenditures	838,573	757,250	(81,323)	(622,093)
Other financing sources (uses)				
Refunding bonds issued	–	–	–	132,865,000
Premium on bonds issued	–	–	–	4,923,285
Bond refunding payments	–	–	–	(136,886,511)
Total other financing sources (uses)	<u>–</u>	<u>–</u>	<u>–</u>	<u>901,774</u>
Net change in fund balances	<u>\$ 838,573</u>	757,250	<u>\$ (81,323)</u>	279,681
Fund balances				
Beginning of year		<u>3,079,092</u>		<u>2,799,411</u>
End of year		<u>\$ 3,836,342</u>		<u>\$ 3,079,092</u>

INTERNAL SERVICE FUNDS

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

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

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	Self-Insurance Accounts	Early Retirement Accounts	Totals	
			2023	2022
Assets				
Current assets				
Investments	\$ 5,196,964	\$ 5,672,520	\$ 10,869,484	\$ 9,432,610
Receivables				
Due from other funds	1,732,838	–	1,732,838	3,086,403
Total current assets	6,929,802	5,672,520	12,602,322	12,519,013
Deferred outflows of resources				
Pension plan deferments	–	379,189	379,189	277,843
Liabilities				
Current liabilities				
Accounts and contracts payable	15,830	–	15,830	8
Due to other funds	1,402,763	4,502,648	5,905,411	2,930,462
Claims incurred, but not reported	1,275,282	–	1,275,282	2,003,779
Severance benefits payable	–	318,643	318,643	250,277
Total pension liability	–	633,347	633,347	–
Total current liabilities	2,693,875	5,454,638	8,148,513	5,184,526
Long-term liabilities				
Severance benefits payable	–	1,604,980	1,604,980	2,421,637
Total pension liability	–	2,816,194	2,816,194	3,745,310
Total long-term liabilities	–	4,421,174	4,421,174	6,166,947
Total liabilities	2,693,875	9,875,812	12,569,687	11,351,473
Deferred inflows of resources				
Pension plan deferments	–	211,826	211,826	231,472
Net position				
Unrestricted	\$ 4,235,927	\$ (4,035,929)	\$ 199,998	\$ 1,213,911

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	Self-Insurance Accounts	Early Retirement Accounts	Totals	
			2023	2022
Operating revenue				
Charges for services	\$ 22,453,455	\$ —	\$ 22,453,455	\$ 20,603,874
Operating expenses				
Dental benefit claims	1,525,481	—	1,525,481	1,528,928
Health benefit claims	21,712,975	—	21,712,975	20,726,414
Early retirement incentive and sick leave benefits	—	407,134	407,134	992,521
Total operating expenses	<u>23,238,456</u>	<u>407,134</u>	<u>23,645,590</u>	<u>23,247,863</u>
Operating income (loss)	(785,001)	(407,134)	(1,192,135)	(2,643,989)
Nonoperating revenue				
Investment earnings	<u>201,911</u>	<u>599,273</u>	<u>801,184</u>	<u>476,794</u>
Income (loss) before transfers	(583,090)	192,139	(390,951)	(2,167,195)
Transfers in	—	—	—	960,775
Transfers out	<u>(622,962)</u>	<u>—</u>	<u>(622,962)</u>	<u>—</u>
Change in net position	(1,206,052)	192,139	(1,013,913)	(1,206,420)
Net position				
Beginning of year	<u>5,441,979</u>	<u>(4,228,068)</u>	<u>1,213,911</u>	<u>2,420,331</u>
End of year	<u>\$ 4,235,927</u>	<u>\$ (4,035,929)</u>	<u>\$ 199,998</u>	<u>\$ 1,213,911</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	Self-Insurance Accounts	Early Retirement Accounts	Totals	
			2023	2022
Cash flows from operating activities				
Charges for services	\$ 22,414,255	\$ –	\$ 22,414,255	\$ 20,626,284
Payments for health and dental claims	(23,951,131)	–	(23,951,131)	(22,267,184)
Payments for retirement benefits	–	(1,572,186)	(1,572,186)	(1,223,599)
Net cash flows from operating activities	(1,536,876)	(1,572,186)	(3,109,062)	(2,864,499)
Cash flows from noncapital financing activities				
Cash received from other funds	2,795,528	1,572,186	4,367,714	1,537,697
Purchase of investments	(635,690)	–	(635,690)	–
Transfers in	–	–	–	960,775
Transfers out	(622,962)	–	(622,962)	–
Net cash flows from noncapital financing activities	1,536,876	1,572,186	3,109,062	2,498,472
Net change in cash and cash equivalents	–	–	–	(366,027)
Cash and cash equivalents				
Beginning of year	–	–	–	366,027
End of year	\$ –	\$ –	\$ –	\$ –
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ (785,001)	\$ (407,134)	\$ (1,192,135)	\$ (2,643,989)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Changes in assets				
Due from other funds	(39,200)	–	(39,200)	22,410
Deferred outflows of resources – pension plan deferments	–	(101,346)	(101,346)	63,376
Changes in liabilities and deferred inflows				
Accounts and contracts payable	15,822	–	15,822	(11,842)
Claims incurred, but not reported	(728,497)	–	(728,497)	–
Severance benefits payable	–	(748,291)	(748,291)	(76,627)
Total pension liability	–	(295,769)	(295,769)	(391,715)
Deferred inflows of resources – pension plan deferments	–	(19,646)	(19,646)	173,888
Net cash flows from operating activities	\$ (1,536,876)	\$ (1,572,186)	\$ (3,109,062)	\$ (2,864,499)
Noncash investing, capital, and financing activities				
Market value adjustment on investments in life insurance contracts	\$ 201,911	\$ 599,273	\$ 801,184	\$ 476,794

SECTION III
STATISTICAL SECTION
(UNAUDITED)

STATISTICAL SECTION (UNAUDITED)

This section of Independent School District No. 284's (the District) Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current level of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information

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

Operating Indicators

These schedules contain service and infrastructure data to help the reader understand how the information in the District's ACFR relates to the services the District provides, and the activities it performs.

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

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	Fiscal Year			
	2014	2015	2016	2017
Governmental activities				
Net investment in capital assets	\$ 60,689,911	\$ 65,253,780	\$ 31,901,934	\$ 40,112,576
Restricted	12,624,943	13,091,641	13,662,842	7,822,506
Unrestricted	40,787,379	(50,117,797)	(46,927,869)	(122,259,148)
Total governmental activities net position	<u>\$ 114,102,233</u>	<u>\$ 28,227,624</u>	<u>\$ (1,363,093)</u>	<u>\$ (74,324,066)</u>

Note 1: The District implemented GASB Statement No. 68 in fiscal 2015. The District reported a change in accounting principle as a result of implementing this standard that decreased net position by approximately \$87.5 million. Prior year amounts have not been restated.

Note 2: The District implemented GASB Statement Nos. 73, 74, and 75 in fiscal 2017. The District reported a change in accounting principle as a result of implementing these standards that decreased net position by approximately \$29.9 million. Prior year amounts have not been restated.

Note 3: The District implemented GASB Statement No. 84 in fiscal 2020, reported as a change in accounting principle as a result of implementing this standard, which increased net position by approximately \$1.2 million. Prior year amounts have not been restated.

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 37,679,712	\$ 37,050,317	\$ 27,572,468	\$ 29,989,500	\$ 33,227,426	\$ 36,667,330
10,695,169	10,648,975	9,472,475	3,126,677	11,224,124	25,400,096
<u>(158,453,974)</u>	<u>(122,967,598)</u>	<u>(133,667,103)</u>	<u>(139,295,623)</u>	<u>(131,772,607)</u>	<u>(116,456,636)</u>
<u><u>\$(110,079,093)</u></u>	<u><u>\$(75,268,306)</u></u>	<u><u>\$(96,622,160)</u></u>	<u><u>\$(106,179,446)</u></u>	<u><u>\$(87,321,057)</u></u>	<u><u>\$(54,389,210)</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	2014	2015	2016	Fiscal Year 2017
Governmental activities				
Expenses				
Administration	\$ 3,833,741	\$ 3,839,848	\$ 4,817,133	\$ 6,700,296
District support services	4,924,827	4,577,951	5,033,300	6,114,326
Elementary and secondary regular instruction	64,030,267	67,230,737	68,238,658	97,927,589
Vocational education instruction	2,376,614	2,922,503	2,804,948	3,737,593
Special education instruction	16,664,813	16,695,866	17,678,829	23,736,177
Instructional support services	9,446,640	9,267,077	10,313,332	13,276,121
Pupil support services	11,606,924	11,997,753	12,363,815	14,566,050
Sites and buildings	23,108,226	16,373,431	31,109,967	35,215,528
Fiscal and other fixed cost programs	355,757	385,547	417,879	566,951
Food service	5,367,185	5,619,154	5,896,122	6,484,275
Community service	8,343,413	7,512,257	8,207,904	9,811,345
Interest and fiscal charges	4,117,943	5,748,064	5,134,248	5,326,192
Total governmental activities expenses	<u>154,176,350</u>	<u>152,170,188</u>	<u>172,016,135</u>	<u>223,462,443</u>
Program revenues				
Charges for services				
Administration	202,982	166,265	215,357	57,422
Elementary and secondary regular instruction	1,021,619	1,159,389	1,262,298	1,287,405
Vocational education instruction	1,324	-	-	-
Special education instruction	560	247,585	322,586	350,928
Instructional support services	18,905	9,493	7,808	6,703
Pupil support services	28,369	28,178	25,773	22,018
Sites and buildings	662,870	512,766	575,910	558,826
Food service	3,806,157	4,222,938	4,447,648	5,067,696
Community service	6,529,492	5,556,600	6,382,167	7,410,890
Operating grants and contributions	15,171,555	15,216,756	16,140,494	17,625,350
Capital grants and contributions	346,713	910,167	911,502	1,351,039
Total governmental activities program revenues	<u>27,790,546</u>	<u>28,030,137</u>	<u>30,291,543</u>	<u>33,738,277</u>
Net (expense) revenue	(126,385,804)	(124,140,051)	(141,724,592)	(189,724,166)
General revenues and other changes in net position				
Taxes				
Property taxes, levied for general purposes	22,503,184	38,153,378	38,434,705	42,239,180
Property taxes, levied for community service	781,857	1,524,385	1,244,109	1,096,913
Property taxes, levied for debt service	11,203,441	11,401,371	15,673,366	14,587,642
General grants and aids	84,572,800	72,170,101	74,485,371	83,119,553
Other general revenues	1,413,287	1,376,993	1,240,454	2,001,619
Investment earnings	1,170,089	1,185,644	1,162,703	1,886,224
Special item	-	-	-	-
Total general revenues and other changes in net position	<u>121,644,658</u>	<u>125,811,872</u>	<u>132,240,708</u>	<u>144,931,131</u>
Change in net position	<u>\$ (4,741,146)</u>	<u>\$ 1,671,821</u>	<u>\$ (9,483,884)</u>	<u>\$ (44,793,035)</u>

Note: The District implemented GASB Statement No. 68 in fiscal 2015, GASB Statement Nos. 73, 74, and 75 in fiscal 2017, and GASB Statement No. 84 in fiscal 2020.

2018	2019	2020	2021	2022	2023
\$ 6,052,169	\$ 4,265,884	\$ 5,744,321	\$ 5,749,982	\$ 5,580,376	\$ 5,747,682
5,347,446	5,961,373	7,124,303	5,397,237	6,003,506	6,294,468
98,324,381	57,568,978	94,447,134	94,959,700	87,857,642	76,223,157
3,782,104	2,163,529	3,448,696	3,897,753	3,731,676	2,759,344
23,646,291	15,166,922	22,972,019	24,080,587	21,614,577	21,371,825
18,777,288	13,281,310	20,521,549	18,730,543	18,462,776	17,420,412
14,370,024	12,799,455	15,297,882	16,167,678	17,624,546	18,480,033
23,723,765	21,884,093	31,256,979	30,193,336	25,596,931	28,343,784
281,446	541,321	539,743	420,778	895,025	867,690
6,469,883	6,943,797	6,743,253	5,743,363	8,047,821	7,732,984
10,971,816	10,774,854	11,509,169	9,728,339	10,984,506	12,046,032
6,692,718	7,556,619	8,353,500	7,878,465	4,683,351	6,008,024
<u>218,439,331</u>	<u>158,908,135</u>	<u>227,958,548</u>	<u>222,947,761</u>	<u>211,082,733</u>	<u>203,295,435</u>
39,922	117,202	1,566	215	9,582	14,112
1,323,071	1,339,296	1,435,317	776,860	1,622,069	1,661,240
—	—	—	—	—	—
498,813	307,962	431,278	437,583	670,258	597,917
15,338	14,469	12,733	11,952	14,287	17,656
152,731	148,244	185,197	172,328	192,904	230,392
628,772	591,360	454,390	326,747	687,156	685,254
5,357,091	5,318,392	4,000,966	273,566	1,121,098	5,069,270
8,164,553	8,933,531	7,775,972	4,837,454	9,440,594	10,035,942
16,357,459	16,952,023	20,694,796	24,733,862	30,187,591	24,542,184
2,870,495	1,534,850	1,517,914	1,389,335	1,171,004	1,200,886
<u>35,408,245</u>	<u>35,257,329</u>	<u>36,510,129</u>	<u>32,959,902</u>	<u>45,116,543</u>	<u>44,054,853</u>
(183,031,086)	(123,650,806)	(191,448,419)	(189,987,859)	(165,966,190)	(159,240,582)
52,196,919	55,461,620	58,866,293	64,000,234	67,563,040	67,527,408
993,672	1,222,047	1,537,423	1,884,647	2,186,740	2,094,077
8,274,499	12,085,201	12,427,460	14,575,929	15,150,556	16,426,286
81,977,981	82,036,235	90,978,084	96,793,030	94,871,042	99,864,411
1,672,313	1,429,838	2,621,106	1,499,701	2,902,407	2,577,988
2,160,675	3,191,342	2,476,239	1,677,032	2,150,794	3,682,259
—	3,035,310	—	—	—	—
<u>147,276,059</u>	<u>158,461,593</u>	<u>168,906,605</u>	<u>180,430,573</u>	<u>184,824,579</u>	<u>192,172,429</u>
<u>\$ (35,755,027)</u>	<u>\$ 34,810,787</u>	<u>\$ (22,541,814)</u>	<u>\$ (9,557,286)</u>	<u>\$ 18,858,389</u>	<u>\$ 32,931,847</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	Fiscal Year			
	2014	2015	2016	2017
General Fund				
Nonspendable	\$ 139,900	\$ 170,070	\$ 196,566	\$ 355,711
Restricted	6,474,793	6,549,824	5,838,351	2,824,355
Committed	2,889,790	2,889,790	2,889,790	-
Assigned	1,766,330	2,508,237	5,482,867	4,918,059
Unassigned	10,926,181	9,306,757	9,347,456	8,050,979
Total General Fund	<u>\$ 22,196,994</u>	<u>\$ 21,424,678</u>	<u>\$ 23,755,030</u>	<u>\$ 16,149,104</u>
All other governmental funds				
Nonspendable				
Special revenue funds	\$ 82,038	\$ 90,176	\$ 94,839	\$ 100,667
Capital Projects –				
Building Construction Fund	103,151	29,382	3,795	370,688
Restricted				
Special revenue funds	3,157,131	2,763,831	2,777,607	3,131,609
Capital Projects –				
Building Construction Fund	124,613,839	94,734,895	25,480,370	8,669,298
Debt Service Fund	4,904,822	2,044,497	2,618,143	2,475,932
Unassigned				
Special revenue funds	-	-	-	-
Capital Projects –				
Building Construction Fund	-	-	-	(528,128)
Total all other governmental funds	<u>\$ 132,860,981</u>	<u>\$ 99,662,781</u>	<u>\$ 30,974,754</u>	<u>\$ 14,220,066</u>
Total all governmental funds	<u>\$ 155,057,975</u>	<u>\$ 121,087,459</u>	<u>\$ 54,729,784</u>	<u>\$ 30,369,170</u>

2018	2019	2020	2021	2022	2023
\$ 287,085	\$ 316,399	\$ 611,106	\$ 608,414	\$ 155,695	\$ 196,362
5,770,694	7,600,701	6,775,773	2,976,949	8,513,378	19,675,220
–	–	–	–	–	–
5,712,743	5,369,294	5,529,336	7,775,597	11,348,017	8,002,652
8,304,664	12,681,756	19,030,745	15,496,057	15,056,047	13,079,093
<u>\$ 20,075,186</u>	<u>\$ 25,968,150</u>	<u>\$ 31,946,960</u>	<u>\$ 26,857,017</u>	<u>\$ 35,073,137</u>	<u>\$ 40,953,327</u>
\$ 108,812	\$ 87,830	\$ 138,321	\$ 110,760	\$ 54,380	\$ 197,530
357,895	19,169	–	–	–	–
2,824,021	2,479,699	854,097	243,867	2,351,836	4,196,218
68,914,606	33,749,841	23,516,237	13,926,905	9,432,482	8,017,315
2,606,958	2,833,280	2,683,374	2,799,411	3,079,092	3,836,342
–	–	(137,471)	(1,393,729)	–	–
–	(1,219,341)	(4,611,885)	–	–	–
<u>\$ 74,812,292</u>	<u>\$ 37,950,478</u>	<u>\$ 22,442,673</u>	<u>\$ 15,687,214</u>	<u>\$ 14,917,790</u>	<u>\$ 16,247,405</u>
<u>\$ 94,887,478</u>	<u>\$ 63,918,628</u>	<u>\$ 54,389,633</u>	<u>\$ 42,544,231</u>	<u>\$ 49,990,927</u>	<u>\$ 57,200,732</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

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

	Fiscal Year			
	2014	2015	2016	2017
Revenues				
Local sources				
Taxes	\$ 34,451,771	\$ 51,053,987	\$ 55,577,523	\$ 57,642,494
Investment earnings	37,847	144,163	135,329	538,191
Other	13,441,482	13,280,276	14,480,001	17,174,010
State sources	95,680,683	84,196,712	87,767,205	93,888,892
Federal sources	4,402,856	4,100,243	3,770,162	4,239,619
Total revenues	<u>148,014,639</u>	<u>152,775,381</u>	<u>161,730,220</u>	<u>173,483,206</u>
Expenditures				
Current				
Administration	3,809,563	3,882,636	3,960,854	4,307,817
District support services	3,812,160	3,831,038	4,214,722	4,856,373
Elementary and secondary regular instruction	57,161,164	61,261,179	61,793,156	64,754,485
Vocational education instruction	2,282,764	2,898,253	2,775,891	2,782,707
Special education instruction	16,143,749	16,675,799	17,390,283	17,738,153
Instructional support services	9,359,060	9,518,374	10,107,948	9,841,449
Pupil support services	11,181,875	12,151,446	12,289,246	13,117,743
Sites and buildings	9,618,077	10,212,586	10,577,248	18,089,426
Fiscal and other fixed cost programs	355,757	385,547	417,879	566,951
Food service	5,226,866	5,574,751	5,705,994	6,173,350
Community service	8,491,628	7,537,839	8,008,491	8,912,116
Capital outlay	38,000,191	37,044,922	82,087,300	26,537,306
Debt service				
Principal	10,130,000	11,526,756	11,364,273	11,554,610
Interest and fiscal charges	3,522,846	5,410,994	6,467,926	6,023,460
Total expenditures	<u>179,095,700</u>	<u>187,912,120</u>	<u>237,161,211</u>	<u>195,255,946</u>
Excess of revenues over (under) expenditures	(31,081,061)	(35,136,739)	(75,430,991)	(21,772,740)
Other financing sources (uses)				
Sale of equipment	-	-	-	21,653
Sale of real property	-	-	-	-
Insurance recovery proceeds	251,612	-	-	-
Bonds issued	136,805,000	10,255,000	1,820,000	-
Certificates of participation issued	-	-	-	-
Premium on debt issued	3,023,175	867,145	57,459	-
Finance purchase issued	1,235,860	1,099,078	6,750,775	767,400
Technology subscription issued	-	-	-	-
Payment to refunded bond escrow agent	-	(11,055,000)	(1,835,000)	-
Transfers in	7,253,826	6,901,900	9,709,564	13,006,244
Transfers out	(7,253,826)	(6,901,900)	(7,429,482)	(13,117,868)
Total other financing sources (uses)	<u>141,315,647</u>	<u>1,166,223</u>	<u>9,073,316</u>	<u>677,429</u>
Net change in fund balances	<u>\$ 110,234,586</u>	<u>\$ (33,970,516)</u>	<u>\$ (66,357,675)</u>	<u>\$ (21,095,311)</u>
Debt service as a percentage of noncapital expenditures	<u>9.7%</u>	<u>11.2%</u>	<u>10.3%</u>	<u>9.7%</u>

2018	2019	2020	2021	2022	2023
\$ 61,547,600	\$ 68,770,016	\$ 72,813,330	\$ 80,433,919	\$ 84,873,103	\$ 86,018,437
838,461	2,770,330	2,197,147	1,305,933	1,674,000	2,881,075
17,856,126	18,202,110	16,918,525	8,336,406	16,450,029	20,858,552
96,910,458	101,283,833	107,226,242	108,577,224	111,439,713	117,192,391
4,329,494	4,609,793	5,924,132	14,093,576	15,439,120	7,751,132
<u>181,482,139</u>	<u>195,636,082</u>	<u>205,079,376</u>	<u>212,747,058</u>	<u>229,875,965</u>	<u>234,701,587</u>
4,380,862	4,785,410	5,067,908	5,083,452	5,483,945	6,184,834
4,807,590	5,445,961	6,694,187	5,096,001	5,935,170	6,178,953
68,352,055	76,186,117	81,936,301	83,152,766	84,858,958	86,970,728
2,953,500	3,043,470	3,272,414	3,670,138	3,796,628	3,300,153
18,658,389	20,099,837	21,779,719	22,445,977	22,174,862	24,337,265
15,992,693	16,158,133	19,718,543	18,149,211	18,826,900	18,432,426
13,098,157	14,067,489	15,049,233	15,855,236	17,625,696	19,192,005
17,692,885	14,265,340	14,028,350	25,477,618	20,344,916	22,440,027
281,446	541,321	539,743	420,778	895,025	867,690
6,403,380	6,737,168	6,657,150	5,601,859	8,086,232	7,610,322
10,298,600	11,073,210	11,322,610	9,602,128	11,107,228	11,767,021
18,646,356	40,253,946	47,880,501	9,634,742	5,195,897	2,103,663
5,789,891	6,547,836	7,992,578	9,337,680	13,954,352	13,715,658
6,081,787	7,937,194	8,371,309	8,761,139	6,546,015	6,625,993
<u>193,437,591</u>	<u>227,142,432</u>	<u>250,310,546</u>	<u>222,288,725</u>	<u>224,831,824</u>	<u>229,726,738</u>
(11,955,452)	(31,506,350)	(45,231,170)	(9,541,667)	5,044,141	4,974,849
—	—	—	—	—	—
—	—	6,251,000	—	—	—
—	—	—	—	210,326	31,219
66,895,000	—	7,455,000	8,340,000	132,865,000	—
—	—	17,000,000	—	—	—
3,406,305	—	1,690,099	951,055	4,923,285	—
6,172,455	537,500	1,824,796	1,350,145	2,251,230	1,181,850
—	—	—	—	—	398,925
—	—	—	(9,200,000)	(136,886,511)	—
6,779,299	2,042,900	8,667,013	4,611,885	—	622,962
(6,779,299)	(2,042,900)	(8,373,693)	(8,356,820)	(960,775)	—
<u>76,473,760</u>	<u>537,500</u>	<u>34,514,215</u>	<u>(2,303,735)</u>	<u>2,402,555</u>	<u>2,234,956</u>
<u>\$ 64,518,308</u>	<u>\$ (30,968,850)</u>	<u>\$ (10,716,955)</u>	<u>\$ (11,845,402)</u>	<u>\$ 7,446,696</u>	<u>\$ 7,209,805</u>
<u>6.7%</u>	<u>7.6%</u>	<u>7.6%</u>	<u>8.6%</u>	<u>9.3%</u>	<u>9.0%</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

Tax Capacities and Market Values
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Net Tax Capacity</u>	<u>Taxable Market Value</u>	<u>Percent Tax Capacity of Estimated Market Value</u>
2014	\$ 109,307,508	\$ 9,628,799,946	1.1 %
2015	111,197,389	9,846,198,999	1.1
2016	119,387,105	10,688,657,739	1.1
2017	127,889,211	11,410,014,227	1.1
2018	137,065,114	12,249,671,471	1.1
2019	146,188,244	13,028,383,691	1.1
2020	156,060,319	13,916,257,860	1.1
2021	166,478,303	14,839,903,276	1.1
2022	176,520,258	15,755,769,997	1.1
2023	182,970,236	16,443,824,055	1.1

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.

Source: Hennepin County Taxpayer Services Division

INDEPENDENT SCHOOL DISTRICT NO. 284

Property Tax Rates – Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	ISD No. 284	Corcoran	Maple Grove	Medicine Lake	Medina
2014	25.236%	46.111%	42.342%	40.691%	24.639%
2015	24.571%	49.743%	42.463%	37.508%	25.501%
2016	26.252%	45.311%	39.831%	34.127%	23.577%
2017	26.106%	45.691%	39.196%	40.413%	23.301%
2018	26.290%	45.994%	38.245%	35.525%	22.270%
2019	25.464%	45.357%	36.709%	45.247%	21.521%
2020	24.833%	45.160%	34.746%	42.765%	21.529%
2021	26.681%	45.013%	32.756%	48.696%	22.493%
2022	26.912%	43.522%	31.911%	46.388%	22.468%
2023	23.848%	42.122%	26.902%	41.635%	22.559%

County Auditor's Gross Spread Levies

2014	\$ 48,622,654	\$ 97,245	\$ 2,577,001	\$ 340,359	\$ 2,965,982
2015	49,995,136	100,000	2,699,999	350,000	3,149,999
2016	55,954,344	167,872	3,189,576	391,702	3,749,151
2017	58,429,819	233,740	3,272,362	409,045	4,090,453
2018	68,605,225	304,340	3,226,004	426,076	4,199,892
2019	72,641,789	480,237	3,567,472	480,237	4,802,366
2020	79,769,816	797,649	3,828,717	558,355	5,344,251
2021	83,771,787	921,490	3,853,502	586,403	5,612,710
2022	85,835,162	1,201,692	4,034,253	515,011	6,008,461
2023	88,096,119	1,409,538	4,580,998	616,673	6,342,920

Note: Above tax rates are used to levy city, county, and school district taxes.

Source: Hennepin County Taxpayer Services Division

<u>Minnetonka</u>	<u>Orono</u>	<u>Plymouth</u>	<u>Wayzata</u>	<u>Hennepin County</u>	<u>Special Districts</u>
37.567%	17.667%	29.309%	26.020%	49.461%	8.400%
38.194%	17.815%	30.114%	26.311%	49.959%	8.858%
37.089%	17.387%	28.374%	25.705%	46.398%	9.785%
35.674%	17.325%	27.330%	24.673%	45.356%	9.530%
36.378%	16.759%	26.482%	23.352%	44.087%	9.319%
35.710%	16.555%	26.344%	21.749%	42.808%	8.973%
34.676%	16.406%	25.920%	21.672%	41.861%	8.550%
36.574%	16.512%	25.796%	21.055%	41.084%	8.219%
35.556%	16.780%	26.119%	20.644%	38.535%	8.176%
33.922%	16.569%	24.307%	19.468%	38.535%	7.148%
\$ 8,168,606	\$ 534,849	\$ 26,839,705	\$ 7,098,907	\$ 670,175,143	\$ 132,283,063
8,399,998	550,000	27,499,994	7,249,998	681,253,275	127,112,287
9,177,027	615,532	30,832,572	7,834,047	695,586,226	129,960,888
9,641,782	584,350	32,022,403	8,180,906	726,763,726	135,429,950
9,556,277	608,680	33,903,780	8,643,257	759,408,857	142,541,391
10,771,020	686,052	37,870,083	9,947,758	788,559,712	147,240,760
11,964,741	717,884	45,226,722	11,326,622	829,555,042	154,800,273
12,565,768	753,946	47,749,919	11,728,050	868,958,906	156,344,726
12,703,604	772,516	48,754,372	11,845,252	899,375,132	162,053,155
12,157,264	792,865	50,038,596	12,157,265	930,849,945	166,557,210

INDEPENDENT SCHOOL DISTRICT NO. 284

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	Type of Property	2023			2014		
		Net Tax Capacity	Rank	Percentage of Tax Capacity Value	Net Tax Capacity	Rank	Percentage of Tax Capacity Value
Ridgedale Center, LLC	Commercial	\$ 1,724,970	1	0.94 %	\$ 2,459,250	1	2.25 %
Medica Health Plans	Commercial	1,533,850	2	0.84	1,272,722	2	1.16
IRET Properties	Apartment	1,396,013	3	0.76	–	–	–
AX 601 Tower, LP	Commercial	1,251,150	4	0.68	–	–	–
WHQ, LLC	Commercial	1,241,250	5	0.68	834,624	5	0.76
Pembroke TCM Atria, LLC	Commercial	1,139,250	6	0.62	–	–	–
TFO REVA Wildamerica PPC, LLC	Commercial	1,130,850	7	0.62	–	–	–
RREEFAmerica Reit II Corp.	Apartment	1,090,775	8	0.60	623,875	7	0.57
CVIII Vicksburg Village, LLC	Apartment	957,938	9	0.52	–	–	–
CenterPoint Energy	Utility	821,078	10	0.45	–	–	–
KBS II 601 Tower, LLC	Commercial	–	–	–	957,650	3	0.88
Talcott III Atria, LLC	Commercial	–	–	–	837,938	4	0.77
GS Park Place, LLC	Apartment	–	–	–	640,625	6	0.59
TCA R E, LLC	Commercial	–	–	–	499,250	8	0.46
Plymouth Corp. Center DE, LLC	Industrial	–	–	–	485,848	9	0.44
Pinnacle/Vicksburg Village	Apartment	–	–	–	457,913	10	0.42
Total		\$ 12,287,124		6.72 %	\$ 9,069,695		8.30 %

Sources: Fiscal year 2023 information: obtained from the District's bond agents, Ehlers Public Finance Advisors (prepared by Ehlers and Associates, Inc.)

Fiscal year 2014 information: Hennepin County Department of Property Tax and Public Records

INDEPENDENT SCHOOL DISTRICT NO. 284

Property Tax Levies, Collections, and Receivables
Last Ten Fiscal Years

For Taxes Collectible	Taxes Levied for the Fiscal Year			First Year Levy Recognized		Collections
	Operating Tax Levy	Debt Tax Levy	Total	Amount	Percentage of Levy	Received in Subsequent Years
2014	\$ 37,383,176	\$ 11,239,478	\$ 48,622,654	\$ 48,401,803	99.5 %	\$ 220,851
2015	38,442,757	11,552,379	49,995,136	49,855,092	99.7	140,044
2016	40,225,448	15,728,896	55,954,344	55,775,065	99.7	110,359
2017	43,779,692	14,650,127	58,429,819	58,223,020	99.6	205,019
2018	56,479,703	12,125,522	68,605,225	68,580,763	100.0	(59,046)
2019	60,211,031	12,430,758	72,641,789	72,441,691	99.7	178,134
2020	65,159,083	14,610,733	79,769,816	79,555,962	99.7	170,965
2021	68,682,875	15,092,146	83,775,021	83,456,658	99.6	252,028
2022	69,309,760	16,528,296	85,838,056	85,445,760	99.5	—
2023	72,129,983	15,969,580	88,099,563	44,400,000	50.4	—

Note: Collections received in subsequent years includes adjustments and abatements.

Source: Minnesota Department of Education School Tax Reports and Hennepin County Tax Settlement

Uncollected Taxes Receivable as of June 30, 2023

Total to Date		Uncollected Taxes Receivable as of June 30, 2023			
		Delinquent		Current	
Amount	Percentage of Levy	Amount	Percent	Amount	Percent
\$ 48,622,654	100.0 %	\$ -	- %	\$ -	- %
49,995,136	100.0	-	-	-	-
55,885,424	99.9	-	-	-	-
58,428,039	100.0	1,780	-	-	-
68,521,717	99.9	83,508	0.1	-	-
72,619,825	100.0	21,964	-	-	-
79,726,927	99.9	42,889	0.1	-	-
83,708,686	99.9	66,335	0.1	-	-
85,445,760	99.5	392,296	0.5	-	-
44,400,000	50.4	-	-	43,699,563	49.6
		\$ 608,772		\$ 43,699,563	

INDEPENDENT SCHOOL DISTRICT NO. 284

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities							Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Premium (Discount) on Bonds	Certificates of Participation	Finance Purchase	Lease	Technology Subscription	Total Primary Government		
2014	\$184,045,000	\$ 4,628,582	\$ 10,355,000	\$ 1,300,465	\$ -	\$ -	\$200,329,047	5.3 %	\$ 3,246
2015	174,070,000	4,359,617	9,220,000	1,182,787	-	-	188,832,404	4.9	2,982
2016	165,110,000	3,625,490	8,495,000	6,239,289	-	-	183,469,779	4.5	2,826
2017	156,210,000	3,120,929	7,755,000	5,092,079	-	-	172,178,008	N/A	2,588
2018	220,160,000	6,208,464	7,000,000	9,174,643	-	-	242,543,107	N/A	3,646
2019	215,880,000	5,790,352	6,225,000	8,219,307	-	-	236,114,659	N/A	3,421
2020	218,020,000	7,035,999	22,590,000	8,001,525	-	-	255,647,524	N/A	3,600
2021	210,715,000	7,229,090	21,460,000	7,588,990	-	-	246,993,080	N/A	3,383
2022	205,420,000	9,277,034	20,180,000	7,305,616	686,185	-	242,868,835	N/A	3,318
2023	195,640,000	8,357,439	18,860,000	6,150,648	550,957	255,313	229,814,357	N/A	3,140

N/A – Not Available

(1) See Demographic and Economic Statistics table for population and personal income.

Source: The District's outstanding debt can be found in the notes to basic financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 284

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

Fiscal Year	Gross Bonded Debt	Less Debt Service Funds on Hand	Net Bonded Debt	Net Tax Capacity	Percent of Net Debt to Net Tax Capacity	Estimated Population (1)	Net Bonded Debt per Capita
2014	\$ 188,673,582	\$ 4,904,822	\$ 183,768,760	\$ 109,307,508	168.12 %	61,717	\$ 2,978
2015	178,429,617	2,044,497	176,385,120	111,197,389	158.62	63,317	2,786
2016	168,735,490	2,618,143	166,117,347	119,387,105	139.14	64,917	2,559
2017	159,330,929	2,475,932	156,854,997	127,889,211	122.65	66,517	2,358
2018	226,368,464	2,606,958	223,761,506	137,065,114	163.25	66,517	3,364
2019	221,670,352	2,833,280	218,837,072	146,188,244	149.70	69,017	3,171
2020	225,055,999	2,683,374	222,372,625	156,060,319	142.49	71,017	3,131
2021	217,944,090	2,799,411	215,144,679	166,478,303	129.23	73,017	2,947
2022	214,697,034	3,079,092	211,617,942	176,520,258	119.88	73,197	2,891
2023	203,997,439	3,836,342	200,161,097	182,970,236	109.40	73,197	2,735

(1) See Demographic and Economic Statistics table for population.

INDEPENDENT SCHOOL DISTRICT NO. 284

Direct and Overlapping Debt
as of June 30, 2023

Governmental Unit	Tax Collection Calendar Year – 2023 Taxable Net Tax Capacity	General Obligation Debt (1)	Debt Applicable to Tax Capacity in ISD No. 284 (2)	
			Percent	Amount
Direct debt				
Independent School District No. 284	\$ 208,658,384	\$ 229,814,357	100.00 %	\$ 229,814,357
Overlapping debt				
Hennepin County	2,680,115,860	1,439,840,000	7.30	105,096,115
Cities				
Corcoran	17,054,170	12,090,000	19.49	2,355,763
Maple Grove	151,839,203	100,430,000	7.08	7,111,917
Medicine Lake	1,436,258	930,000	98.46	915,687
Medina	26,647,216	7,335,000	56.09	4,114,331
Minnetonka	139,845,072	60,145,000	20.59	12,386,678
Orono	50,624,411	18,290,000	3.67	671,267
Plymouth	189,194,510	60,845,000	62.79	38,207,609
Wayzata	29,107,826	19,020,000	98.80	18,791,767
Other				
Metropolitan Council	2,678,115,444	1,717,186,171	2.27	39,037,917
Three Rivers Park District	1,786,736,647	58,975,000	11.29	6,658,278
Total overlapping debt				<u>235,347,329</u>
Total direct and overlapping debt				<u>\$ 465,161,686</u>

(1) Only those taxing jurisdictions with general obligation debt outstanding are included in this section. Does not include nongeneral obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

(2) The percent overlap is based on the percentage of tax capacity of the individual entities in the District.

Source: Hennepin County Department of General Services – Taxpayer Services Division

INDEPENDENT SCHOOL DISTRICT NO. 284

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2014	2015	2016	2017
Debt limit	\$ 1,470,794,289	\$ 1,504,001,884	\$ 1,603,298,661	\$ 1,711,502,134
Total net debt applicable to the limit	<u>174,368,930</u>	<u>170,174,267</u>	<u>166,117,347</u>	<u>156,854,997</u>
Legal debt margin	<u>\$ 1,296,425,359</u>	<u>\$ 1,333,827,617</u>	<u>\$ 1,437,181,314</u>	<u>\$ 1,554,647,137</u>
Total net debt applicable to the limit as a percentage of debt limit	11.86%	11.31%	10.36%	9.16%

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

Source: State of Minnesota School Tax Report

2018	2019	2020	2021	2022	2023
\$ 1,837,450,721	\$ 1,954,257,554	\$ 2,087,438,679	\$ 2,225,985,491	\$ 2,363,365,500	\$ 2,466,573,608
223,761,506	218,837,072	222,372,625	215,144,679	211,617,942	200,161,097
<u>\$ 1,613,689,215</u>	<u>\$ 1,735,420,482</u>	<u>\$ 1,865,066,054</u>	<u>\$ 2,010,840,812</u>	<u>\$ 2,151,747,558</u>	<u>\$ 2,266,412,511</u>
12.18%	11.20%	10.65%	9.67%	8.95%	8.11%

Legal Debt Margin Calculation for Fiscal Year 2023

Market value	\$16,443,824,055
Debt limit (15% of market value)	2,466,573,608
Debt applicable to the limit	
General obligation bonds	203,997,439
Less amount set aside for repayment of general obligation debt	<u>(3,836,342)</u>
Total net debt applicable to the limit	<u>200,161,097</u>
Legal debt margin	<u>\$ 2,266,412,511</u>

INDEPENDENT SCHOOL DISTRICT NO. 284

Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2014	61,717	\$ 3,754,121,676	\$ 60,828	10,707	4.5 %
2015	63,317	3,893,488,964	61,492	10,762	3.7
2016	64,917	4,103,857,989	63,217	10,858	3.7
2017	66,517	N/A	N/A	11,330	3.5
2018	66,517	N/A	N/A	11,642	2.8
2019	69,017	N/A	N/A	11,912	3.2
2020	71,017	N/A	N/A	12,134	9.8
2021	73,017	N/A	N/A	11,909	4.7
2022	73,197	N/A	N/A	11,841	2.2
2023	73,197	N/A	N/A	12,245	3.2

N/A – Not Available

Sources: Population data based on information from property developers and cities; methodology approved by the State Demographer’s Office.

Per capita personal income data is for the state of Minnesota and is obtained from the United States Census Bureau.

Enrollment information from district records.

Unemployment rates are for Hennepin County as of June and is obtained from the Minnesota Department of Employment and Economic Development.

INDEPENDENT SCHOOL DISTRICT NO. 284

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year			
	2023		2014	
	Employees	Rank	Employees	Rank
Carlson Companies	4,500	1	4,500	1
Independent School District No. 284	1,448	2	1,505	4
Medica Health	1,300	3	1,300	5
Sioux Falls Leased Housing	1,000	4	–	–
Abbott Laboratories	800	5	–	–
CWT	400	6	–	–
Wagner Spray Tech Corp.	400	6	–	–
Life Time	325	8	–	–
Turck, Inc.	300	9	–	–
Crown Plaza Minneapolis West	281	10	–	–
Cargill, Inc.	–	–	4,400	2
United Health Group	–	–	2,000	3
Aimia	–	–	1,000	6
TCF National Bank	–	–	1,000	6
St. Jude Medical	–	–	800	8
US Foods	–	–	500	9
Nilfisk-Advance, Inc.	–	–	450	10
Total	<u>10,754</u>		<u>17,455</u>	
Demographic and Economic Statistics	<u>73,197</u>		<u>61,717</u>	
Percent of principal employers to total ISD No. 284 population	<u>14.7%</u>		<u>28.3%</u>	

Sources: Fiscal year 2023 information was obtained from the Official Statement associated with the District's General Obligation School Buildings Bonds, Series 2023A (prepared by Ehlers and Associates, Inc.)

INDEPENDENT SCHOOL DISTRICT NO. 284

Employees by Classification
Last Ten Fiscal Years

Employees	Fiscal Year			
	2014	2015	2016	2017
Administration				
Principals	11.0	12.0	12.0	12.0
Associate principals	8.0	8.0	6.0	6.0
Unaffiliated	35.4	37.2	36.1	38.2
Total administration	54.4	57.2	54.1	56.2
Instructional administrators				
High school classroom teachers	154.3	157.5	153.0	155.7
Middle school classroom teachers	132.3	134.6	131.7	133.4
Elementary classroom teachers	183.0	213.0	203.0	219.0
High school – area learning center	8.0	8.0	6.3	7.7
Middle school – area learning center	2.0	2.0	1.5	1.5
Community education – extended day kindergarten	16.0	N/A	N/A	N/A
Community education – early childhood family education	4.2	3.8	5.5	3.5
Special services	77.1	77.0	66.0	68.6
Elementary specialists and intervention	66.4	65.6	64.7	72.2
Total instructional administrators	643.3	661.5	631.7	661.5
Student services				
Curriculum and instruction – resource, peer, alt comp	20.0	20.0	21.0	15.5
Media centers – elementary	7.0	7.0	7.0	8.0
High school – professional development	0.3	0.3	0.3	0.3
High school – counselors, media, Vision 21, intervention	13.0	13.0	17.0	18.7
Middle schools – counselors, media, Vision 21, intervention	15.0	14.0	15.5	18.2
Technology	3.0	3.0	3.0	3.0
Special services – social workers, psychologists, nurses, etc.	45.4	46.2	59.2	54.9
Total student services	103.7	103.5	123.0	118.6
Support services				
Clerical/secretarial/administrative professional	48.0	49.9	50.9	50.9
Custodial	73.0	73.0	75.0	83.5
Food service	43.8	44.9	46.2	48.8
Paraprofessionals	254.2	244.6	246.9	238.6
Unaffiliated specialists	22.5	22.8	22.8	20.9
Unaffiliated support staff	5.0	4.0	4.0	4.8
Total support services	446.5	439.2	445.8	447.5
District-wide totals	1,247.9	1,261.4	1,254.6	1,283.8

N/A – Not Available

Note: All full-time equivalents are based on an 8-hour day.

Source: The District's Human Resources Department

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
12.0	13.0	13.0	13.0	13.0	13.0
6.0	7.0	7.0	8.0	8.0	8.0
<u>39.1</u>	<u>43.1</u>	<u>43.1</u>	<u>45.0</u>	<u>44.0</u>	<u>43.8</u>
57.1	63.1	63.1	66.0	65.0	64.8
155.4	157.8	162.3	163.3	161.2	157.8
137.2	139.5	139.7	149.6	151.6	137.8
230.0	241.0	250.0	248.5	239.2	230.0
6.7	6.7	6.7	7.0	6.3	7.0
1.0	3.0	3.3	1.5	0.8	1.0
N/A	N/A	N/A	N/A	N/A	N/A
3.5	3.5	3.7	4.2	4.2	4.7
96.6	92.3	88.6	103.3	105.9	105.5
<u>82.7</u>	<u>87.9</u>	<u>93.9</u>	<u>102.7</u>	<u>93.4</u>	<u>86.8</u>
713.1	731.7	748.3	780.1	762.6	730.6
16.5	23.0	25.0	21.3	17.2	18.1
7.9	8.0	9.0	9.0	9.0	4.5
0.3	0.3	-	-	-	-
18.5	20.4	23.0	23.0	19.0	21.8
19.3	20.0	19.4	19.8	20.3	20.5
3.0	3.0	3.0	3.0	3.0	3.0
<u>38.3</u>	<u>58.6</u>	<u>58.9</u>	<u>62.9</u>	<u>62.3</u>	<u>70.7</u>
103.8	133.3	138.3	139.0	130.8	138.6
49.9	47.9	45.7	44.7	44.6	44.1
85.5	86.0	88.2	89.2	88.7	88.1
49.4	57.0	55.0	50.2	56.6	51.8
239.7	228.2	243.7	208.2	209.2	215.5
21.9	20.5	29.1	26.0	14.0	21.7
5.7	6.7	10.4	15.0	8.0	11.8
<u>452.1</u>	<u>446.3</u>	<u>472.1</u>	<u>433.3</u>	<u>421.1</u>	<u>433.0</u>
<u><u>1,326.1</u></u>	<u><u>1,374.4</u></u>	<u><u>1,421.8</u></u>	<u><u>1,418.4</u></u>	<u><u>1,379.5</u></u>	<u><u>1,367.0</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 284

Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio	Percentage of Students Receiving Free or Reduced-Priced Meals
2014	10,707	\$132,892,192	\$ 12,412	6.0 %	470	22.8	12.9 %
2015	10,762	133,929,448	12,445	0.3	505	21.3	13.0
2016	10,858	136,420,224	12,564	1.0	488	22.3	13.9
2017	11,330	143,803,361	12,692	1.0	508	22.3	14.0
2018	11,642	154,352,148	13,258	4.5	523	22.3	12.0
2019	11,912	167,080,676	14,026	5.8	538	22.1	12.0
2020	12,134	178,135,010	14,681	4.7	552	22.0	11.5
2021	11,909	179,341,831	15,059	2.6	561	21.2	10.3
2022	11,841	185,223,767	15,643	3.9	552	21.5	9.6
2023	12,245	196,731,064	16,066	2.7	526	23.3	15.6

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

Source: Nonfinancial information from district records

INDEPENDENT SCHOOL DISTRICT NO. 284

Building Information
Last Ten Fiscal Years

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Elementary schools										
Birchview (1969)										
Square feet	59,720	59,720	59,720	59,720	59,720	59,720	59,720	59,720	59,720	59,720
Capacity	592	592	592	550	550	550	550	550	550	550
Enrollment	647	622	586	481	499	474	447	415	395	433
Gleason Lake (1988)										
Square feet	80,710	80,710	80,710	80,710	80,710	80,710	80,710	80,710	80,710	80,710
Capacity	690	690	690	690	690	690	690	690	690	690
Enrollment	663	636	622	571	568	586	634	602	573	568
Greenwood (1964)										
Square feet	88,016	88,016	88,016	88,016	88,016	88,016	88,016	88,016	88,016	88,016
Capacity	820	820	820	780	780	780	780	780	780	780
Enrollment	821	863	856	747	794	813	775	722	779	824
Kimberly Lane (1991)										
Square feet	83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000
Capacity	690	690	690	710	710	710	710	710	710	710
Enrollment	744	764	718	649	760	778	628	571	571	526
Meadow Ridge (2016)										
Square feet	-	-	-	85,208	102,508	102,508	102,508	102,508	102,508	102,508
Capacity	-	-	-	710	828	828	828	828	828	828
Enrollment	-	-	-	758	853	869	768	769	783	769
North Woods (2020)										
Square feet	-	-	-	-	-	-	104,611	104,611	104,611	104,611
Capacity	-	-	-	-	-	-	760	760	760	760
Enrollment	-	-	-	-	-	-	569	601	691	775
Oakwood (1957)										
Square feet	95,476	95,476	95,476	95,476	95,476	95,476	95,476	139,570	139,570	139,570
Capacity	690	690	690	640	640	640	640	640	640	640
Enrollment	527	576	675	475	515	562	494	458	424	418
Plymouth Creek (1988)										
Square feet	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000
Capacity	690	690	690	710	710	710	710	710	710	710
Enrollment	746	747	762	669	690	714	675	629	603	588
Sunset Hill (1963)										
Square feet	73,598	73,598	73,598	73,598	73,598	73,598	73,598	73,598	73,598	73,598
Capacity	690	690	690	660	660	660	660	660	660	660
Enrollment	560	581	596	664	681	681	682	621	635	675
Middle schools										
East (1967)										
Square feet	146,111	146,111	146,111	146,111	146,111	146,111	146,111	146,111	146,111	146,111
Capacity	800	800	800	850	850	850	850	850	850	850
Enrollment	772	771	743	780	733	747	690	677	648	648
West (1949)										
Square feet	167,000	167,000	167,525	167,525	167,525	167,525	167,525	167,525	167,525	167,525
Capacity	900	900	900	850	850	850	850	850	850	850
Enrollment	736	745	772	791	771	758	748	723	684	680
Central (1961)										
Square feet	308,568	308,568	308,568	308,568	308,568	308,568	308,568	308,568	308,568	308,568
Capacity (1)	1,700	1,700	1,700	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Enrollment	1,066	1,036	1,118	1,209	1,268	1,320	1,316	1,401	1,412	1,532
High school										
Peony (1997)										
Square feet	487,432	487,432	487,432	656,432	656,432	656,432	656,432	656,432	656,432	656,432
Capacity	3,200	3,200	3,200	3,900	3,900	3,900	3,900	3,900	3,900	3,900
Enrollment	3,257	3,305	3,334	3,410	3,453	3,558	3,669	3,685	3,685	3,687
Transition School (2020)										
Square feet	-	-	-	-	-	-	4,000	4,000	4,000	4,000
Capacity	-	-	-	-	-	-	30	30	30	30
Enrollment	-	-	-	-	-	-	15	30	30	48

(1) Through fiscal 2016, Central Middle School capacity includes space for 1,400 middle school students and 300 birth-to-kindergarten students.

Source: Information was obtained from district records. Enrollment data is as of October 1 of the fiscal year.



Corrective Action Plans and
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023

A. FINANCIAL STATEMENT FINDINGS

2023-001 MATERIAL AUDIT ADJUSTMENT

Finding Summary

Proposed audit adjustments were necessary to record additional contracts payable by Independent School District No. 284 (the District) that were considered material to the financial statements, which had not been recorded properly in accordance with accounting principles generally accepted in the United States of America, prior to our audit. The identification by the auditor of a potentially material misstatement in the financial statements is considered to represent a material weakness in the related internal controls.

Corrective Action Plan

Actions Planned – This oversight was primarily due to significant turnover in key business services department positions. The District will review its procedures relating to the identification and recording of contracts payable with the individuals responsible for this process to ensure all material amounts are properly recorded in the future.

Official Response – Scott LeSage, Director of Finance.

Planned Completion Date – June 30, 2024.

Disagreement With or Explanation of Finding – The District agrees with this finding.

Plan to Monitor – Scott LeSage, Director of Finance, will assure appropriate internal control procedures are updated and in place, and that individuals responsible for reconciling and recording these transactions are properly trained to ensure all material amounts are properly recorded in the future.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

INDEPENDENT SCHOOL DISTRICT NO. 284

Corrective Action Plans and
Summary Schedule of Prior Audit Findings (continued)
Year Ended June 30, 2023

C. MINNESOTA LEGAL COMPLIANCE FINDINGS

None.

D. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE – U.S. DEPARTMENT OF EDUCATION, PASSED THROUGH MINNESOTA DEPARTMENT OF EDUCATION, SPECIAL EDUCATION CLUSTER – FEDERAL ALN 84.027 AND 84.173

2022-001 Internal Control Over Compliance With Federal Suspension and Debarment Requirements

Corrective action has been taken.

INDEPENDENT SCHOOL DISTRICT NO. 274
WAYZATA, MINNESOTA

Special Purpose Audit Reports

Year Ended
June 30, 2023

Preliminary Draft

INDEPENDENT SCHOOL DISTRICT NO. 284

Special Purpose Audit Reports
Year Ended June 30, 2023

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INDEPENDENT SCHOOL DISTRICT NO. 284

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN	Federal Expenditures	
U.S. Department of Agriculture			
Passed through Minnesota Department of Education			
Child nutrition cluster			
National School Lunch Program	10.555	\$ 2,287,950	
School Breakfast Program	10.553	<u>230,871</u>	
Total child nutrition cluster			\$ 2,518,821
Child and Adult Care Food Program	10.558		4,359
Local Food for Schools Cooperative Agreement Program	10.185		46,726
COVID-19 – Pandemic EBT Administrative Costs	10.649		3,135
U.S. Department of the Treasury			
Passed through Minnesota Department of Education			
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027		605,370
U.S. Department of Education			
Passed through Minnesota Department of Education			
Title I Grants to Local Educational Agencies	84.010		285,817
Special education cluster			
Special Education Grants to States	84.027	\$ 1,733,288	
COVID-19 – Special Education Grants to States	84.027	<u>399,316</u>	
Total ALN 84.027			2,132,604
Special Education Preschool Grants	84.173	44,253	
COVID-19 – Special Education Preschool Grants	84.173	<u>44,028</u>	
Total ALN 84.173			<u>88,281</u>
Total special education cluster			2,220,885
Special Education – Grants for Infants and Families	84.181		30,329
English Language Acquisition State Grants	84.365		53,800
Supporting Effective Instruction State Grants	84.367		150,101
Student Support and Academic Enrichment Program	84.424		21,606
Education Stabilization Fund			
COVID-19 – Elementary and Secondary School			
Emergency Relief (ESSER) Fund	84.425D		109,146
COVID-19 – American Rescue Plan – Elementary and			
Secondary School Emergency Relief (ARP ESSER) Fund	84.425U		<u>773,913</u>
Total ALN 84.425			883,059
Passed through Intermediate District No. 287			
Career and Technical Education – Basic Grants to States	84.048		78,327
U.S. Department of Health and Human Services			
Direct			
Drug-Free Communities Support Program Grants	93.276		172,440
Passed through Minnesota Department of Education			
COVID-19 – Epidemiology and Laboratory Capacity			
for Infectious Diseases (ELC)	93.323		288,552
Passed through Minnesota Department of Human Services			
Child Care and Development Fund Cluster			
COVID-19 – Child Care and Development Block Grant	93.575		<u>397,812</u>
Total federal awards			<u>\$ 7,761,139</u>

Note 1: The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the District's basic financial statements.

Note 2: All pass-through entities listed above use the same federal Assistance Listing Number (ALN) as the federal grantors to identify these grants, and have not assigned any additional identifying numbers.

Note 3: The District did not elect to use the 10 percent de minimis indirect cost rate.

Note 4: The District had \$359,035 of noncash assistance included in the National School Lunch Program, federal ALN 10.555.

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

To the School Board and Management of
Independent School District No. 284
Wayzata, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 284 (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated INSERT DATE.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as finding 2023-001, that we consider to be a material weakness.

(continued)

REPORT ON COMPLIANCE AND OTHER MATTERS

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

DISTRICT'S RESPONSE TO FINDING

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

PURPOSE OF THIS REPORT

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

Minneapolis, Minnesota
INSERT DATE

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the School Board and Management of
Independent School District No. 284
Wayzata, Minnesota

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

OPINION ON EACH MAJOR FEDERAL PROGRAM

We have audited Independent School District No. 284's (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended June 30, 2023.

BASIS FOR OPINION ON EACH MAJOR FEDERAL PROGRAM

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance requirements referred to above.

(continued)

RESPONSIBILITIES OF MANAGEMENT FOR COMPLIANCE

Management is responsible for compliance with the requirements referred to on the previous page and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF COMPLIANCE

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to on the previous page occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to on the previous page is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to on the previous page and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section on the previous page and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise District's basic financial statements. We issued our report thereon dated INSERT DATE, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 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 Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Minneapolis, Minnesota
INSERT DATE

INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

To the School Board and Management of
Independent School District No. 284
Wayzata, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 284 (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated INSERT DATE.

MINNESOTA LEGAL COMPLIANCE

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

PURPOSE OF THIS REPORT

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

Minneapolis, Minnesota
INSERT DATE

INDEPENDENT SCHOOL DISTRICT NO. 284

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

A. SUMMARY OF AUDIT RESULTS

This summary is formatted to provide federal granting agencies and pass-through agencies answers to specific questions regarding the audit of federal awards.

Financial Statements

What type of auditor's report is issued? X Unmodified
 Qualified
 Adverse
 Disclaimer

Internal control over financial reporting:

Material weakness(es) identified? X Yes No
Significant deficiency(ies) identified? Yes X None reported
Noncompliance material to the financial statements noted? Yes X No

Federal Awards

Internal controls over major federal award programs:

Material weakness(es) identified? Yes X No
Significant deficiency(ies) identified? Yes X None reported

Type of auditor's report issued on compliance for major programs?

U.S. Department of Agriculture – Child Nutrition Cluster Unmodified
U.S. Department of the Treasury – COVID-19 – Coronavirus State and
Local Fiscal Recovery Funds Unmodified
U.S. Department of Education – COVID-19 – Education Stabilization Fund Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Programs tested as major programs:

Program or Cluster(s)	Federal ALN
U.S. Department of Agriculture Child Nutrition Cluster consisting of:	
– National School Lunch Program	10.555
– School Breakfast Program	10.553
U.S. Department of the Treasury – COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027
U.S. Department of Education – COVID-19 – Education Stabilization Fund	84.425

Threshold for distinguishing type A and B programs. \$ 750,000

Does the auditee qualify as a low-risk auditee? X Yes No

INDEPENDENT SCHOOL DISTRICT NO. 284

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

B. FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESS IN INTERNAL CONTROL OVER FINANCIAL REPORTING

2023-001 Material Audit Adjustment

Criteria – Management is responsible for establishing and maintaining effective internal controls. These controls include the responsibility for preparation, or oversight of the preparation, of the financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition – During our audit, we proposed audit adjustments necessary to record additional contracts payable by Independent School District No. 284 (the District) that were considered material to the financial statements, which had not been recorded properly in accordance with accounting principles generally accepted in the United States of America, prior to our audit procedures detecting the misstatements. Auditing standards consider the identification by the auditor of a potentially material misstatement in the financial statements to be a material weakness in the related internal controls.

Questioned Costs – Not applicable.

Context – Our audit testing identified material amounts of contracts payable that had not been identified and recorded as liabilities.

Repeat Finding – This is a current year finding.

Cause – This condition was primarily caused by significant turnover in the District’s business services department.

Effect – This condition could have resulted in material misstatements to the District’s financial statements for the 2023 fiscal year.

Recommendation – We recommend that the District ensure that its personnel are adequately trained to accurately identify and record all contracts payable in its internal accounting records and accurately report them in its external financial statements in the future.

View of Responsible Official and Planned Corrective Actions – There is no disagreement with the audit finding. District management will continue to review its internal control procedures and training to ensure that all contracts payable are appropriately identified and recorded in its internal accounting records and accurately reported in its external financial statements going forward. The District has separately issued a Corrective Action Plan related to this finding.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

D. MINNESOTA LEGAL COMPLIANCE FINDINGS

None.

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

To the School Board and Management of
Independent School District No. 284
Wayzata, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 284 (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated INSERT DATE.

Auditing standards referred to in the previous paragraph require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table is presented for purposes of additional analysis as required by the Minnesota Department of Education (MDE), and is not a required part of the basic financial statements of the District. The UFARS Compliance Table is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the UFARS Compliance Table is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

(continued)

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

Minneapolis, Minnesota
INSERT DATE

INDEPENDENT SCHOOL DISTRICT NO. 284
 Uniform Financial Accounting and Reporting Standards
 Compliance Table
 June 30, 2023

	Audit	UFARS	Audit – UFARS
General Fund			
Total revenue	\$ 196,243,245	\$ 196,243,241	\$ 4
Total expenditures	\$ 192,549,651	\$ 192,549,649	\$ 2
Nonspendable			
460 Nonspendable fund balance	\$ 196,362	\$ 196,362	\$ –
Restricted			
401 Student activities	\$ –	\$ –	\$ –
402 Scholarships	\$ 228,306	\$ 228,306	\$ –
403 Staff development	\$ –	\$ –	\$ –
407 Capital projects levy	\$ 4,352,487	\$ 4,352,487	\$ –
408 Cooperative revenue	\$ –	\$ –	\$ –
413 Projects funded by COP	\$ –	\$ –	\$ –
414 Operating debt	\$ –	\$ –	\$ –
416 Levy reduction	\$ –	\$ –	\$ –
417 Taconite building maintenance	\$ –	\$ –	\$ –
424 Operating capital	\$ 2,688,608	\$ 2,688,608	\$ –
426 \$25 taconite	\$ –	\$ –	\$ –
427 Disabled accessibility	\$ –	\$ –	\$ –
428 Learning and development	\$ –	\$ –	\$ –
434 Area learning center	\$ –	\$ –	\$ –
435 Contracted alternative programs	\$ –	\$ –	\$ –
436 State approved alternative program	\$ –	\$ –	\$ –
438 Gifted and talented	\$ –	\$ –	\$ –
440 Teacher development and evaluation	\$ –	\$ –	\$ –
441 Basic skills programs	\$ –	\$ –	\$ –
448 Achievement and integration	\$ –	\$ –	\$ –
449 Safe schools levy	\$ –	\$ –	\$ –
451 QZAB payments	\$ –	\$ –	\$ –
452 OPEB liability not in trust	\$ –	\$ –	\$ –
453 Unfunded severance and retirement levy	\$ –	\$ –	\$ –
459 Basic skills extended time	\$ –	\$ –	\$ –
467 Long-term facilities maintenance	\$ 12,141,697	\$ 12,141,697	\$ –
472 Medical Assistance	\$ 264,122	\$ 264,122	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
475 Title VII – Impact Aid	\$ –	\$ –	\$ –
476 PILT	\$ –	\$ –	\$ –
Committed			
418 Committed for separation	\$ –	\$ –	\$ –
461 Committed fund balance	\$ –	\$ –	\$ –
Assigned			
462 Assigned fund balance	\$ 8,002,652	\$ 8,002,651	\$ 1
Unassigned			
422 Unassigned fund balance	\$ 13,079,093	\$ 13,079,092	\$ 1
Food Service			
Total revenue	\$ 7,945,107	\$ 7,945,106	\$ 1
Total expenditures	\$ 7,718,994	\$ 7,718,994	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ 197,530	\$ 197,530	\$ –
Restricted			
452 OPEB liability not in trust	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ 1,380,042	\$ 1,380,042	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
Community Service			
Total revenue	\$ 13,585,275	\$ 13,585,275	\$ –
Total expenditures	\$ 11,872,216	\$ 11,872,216	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
426 \$25 taconite	\$ –	\$ –	\$ –
431 Community education	\$ 2,418,323	\$ 2,418,323	\$ –
432 ECPE	\$ 53,322	\$ 53,322	\$ –
440 Teacher development and evaluation	\$ –	\$ –	\$ –
444 School readiness	\$ 181,519	\$ 181,519	\$ –
447 Adult basic education	\$ –	\$ –	\$ –
452 OPEB liability not in trust	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ 163,012	\$ 163,012	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –

INDEPENDENT SCHOOL DISTRICT NO. 284
 Uniform Financial Accounting and Reporting Standards
 Compliance Table (continued)
 June 30, 2023

	Audit	UFARS	Audit – UFARS
Building Construction			
Total revenue	\$ 491,385	\$ 491,385	\$ –
Total expenditures	\$ 1,906,552	\$ 1,906,552	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
407 Capital projects levy	\$ –	\$ –	\$ –
413 Projects funded by COP	\$ –	\$ –	\$ –
467 Long-term facilities maintenance	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ 8,017,315	\$ 8,017,315	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
Debt Service			
Total revenue	\$ 16,436,575	\$ 16,436,574	\$ 1
Total expenditures	\$ 15,679,325	\$ 15,679,325	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
425 Bond refundings	\$ –	\$ –	\$ –
433 Maximum effort loan	\$ –	\$ –	\$ –
451 QZAB payments	\$ –	\$ –	\$ –
467 Long-term facilities maintenance	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ 3,836,342	\$ 3,836,342	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
Trust			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
401 Student activities	\$ –	\$ –	\$ –
402 Scholarships	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
Custodial Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
401 Student activities	\$ –	\$ –	\$ –
402 Scholarships	\$ –	\$ –	\$ –
448 Achievement and integration	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
Internal Service			
Total revenue	\$ 23,254,639	\$ 23,254,641	\$ (2)
Total expenditures	\$ 23,645,590	\$ 23,645,590	\$ –
422 Net position	\$ 199,998	\$ 200,000	\$ (2)
OPEB Revocable Trust Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
OPEB Irrevocable Trust Fund			
Total revenue	\$ 2,478,061	\$ 2,478,061	\$ –
Total expenditures	\$ 1,693,443	\$ 1,693,443	\$ –
422 Net position	\$ 33,844,610	\$ 33,844,610	\$ –
OPEB Debt Service Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
425 Bond refundings	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –

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