INDEPENDENT SCHOOL DISTRICT #2172
WANAMINGO, MINNESOTA

FINANCIAL STATEMENTS

June 30, 2023

INDEPENDENT SCHOOL DISTRICT #2172
WANAMINGO, MINNESOTA

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INDEPENDENT SCHOOL DISTRICT #2172
WANAMINGO, MINNESOTA
BOARD OF EDUCATION AND ADMINISTRATION
JUNE 30, 2023

Board of Education

Tonya Craig	Chairperson
Marilyn Syverson	Vice Chairperson/Treasurer
Debb Paquin	Clerk
Jamie Sommer	Director
AJ Lindell	Director
Ben Bakken	Director
James Jarvis	Director

Superintendent

Bryan Boysen

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INDEPENDENT SCHOOL DISTRICT #2172
WANAMINGO, MINNESOTA

FINANCIAL SECTION

JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Independent School District #2172
Wanamingo, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Independent School District #2172, as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Independent School District #2172, as of June 30, 2023, and the respective changes in financial position and the respective budgetary comparison for the General Fund and major special revenue funds for the year ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Independent School District #2172 and meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Independent School District #2172's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement 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 Independent School District #2172'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Independent School District #2172's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information and Uniform Financial Accounting and Reporting Standards Compliance Table are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Supplementary Information (continued)

The supplementary information and Uniform Financial Accounting and Reporting Standards Compliance Table are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 supplementary information and Uniform Financial Accounting and Reporting Standards Compliance Table 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 report. The other information comprises the introductory section 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 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 described it in our report.

Report on Summarized Comparative Information

The financial statements include partial prior year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statement for the year ended June 30, 2022, from which such partial information was derived.

We have previously audited the District's 2022 financial statements and our report dated, November 21, 2022, expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued a report dated November 15, 2023, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the internal control over financial reporting and 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.

Smith, Schafer and Associates, Ltd.

Rochester, Minnesota
November 15, 2023

INDEPENDENT SCHOOL DISTRICT #2172
WANAMINGO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Independent School District #2172 – Kenyon-Wanamingo Schools' annual financial report presents our discussion and analysis of the District's financial performance during the year that ended on June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2022-2023 year include the following:

- Total Assets and Deferred Outflows of Resources: $28,923,497.

- Overall revenues for the General Fund were $9,770,830 while overall expenditures totaled $10,490,395.

- The General Fund Unassigned Fund Balance is ($1,824,983). This represents a decrease of $764,046 from last year. The Restricted General Fund balances included State required reserves for approved operating capital, student activities, long-term facilities maintenance and safe school. These balances totaled $126,140 as compared to $71,182 last fiscal year.

- The General Fund total fund balance decreased by $719,565 from the prior year.

- The Food Service Fund total fund balance increased by $173 from the prior year.

- The Community Service Fund total fund balance decreased by $17,283 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

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

The two district-wide statements report the District's net position and how they have changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements the District's activities are shown in one category: Governmental activities. Most of the District's basic services are included here, such as elementary and secondary regular instruction, special education, transportation, administration, food services, and community education. Property taxes and state aids finance most of these activities.

Fund Financial Statements. The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (i.e. repaying its long-term debts) or to show that it is properly using certain revenues (i.e. federal grants).

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The District has one kind of fund:

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The district's combined net position from Governmental activities was a deficit ($726,835) for the year ended June 30, 2023. This was an increase in deficit of $576,612 from the prior year primarily due to decreased enrollment while having an increase in expenditures due to inflation.

	Total	
	2023	2022
Assets		
Current and other assets	$ 4,130,949	$ 4,566,264
Capital assets	22,936,312	24,140,072
Total assets	27,067,261	28,706,336
Deferred Outflows of Resources		
Total deferred outflows of resources	1,856,236	2,274,363
Liabilities		
Current liabilities	2,679,725	2,226,472
Long-Term liabilities	22,958,190	21,671,301
Total liabilities	25,637,915	23,897,773
Deferred Inflows of Resources		
Total deferred inflows of resources	4,012,417	7,233,149
Net Position		
Net investment in capital assets	6,734,365	6,544,245
Restricted	208,732	151,983
Unrestricted	(7,669,932)	(6,846,451)
Total net position	$ (726,835)	$ (150,223)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

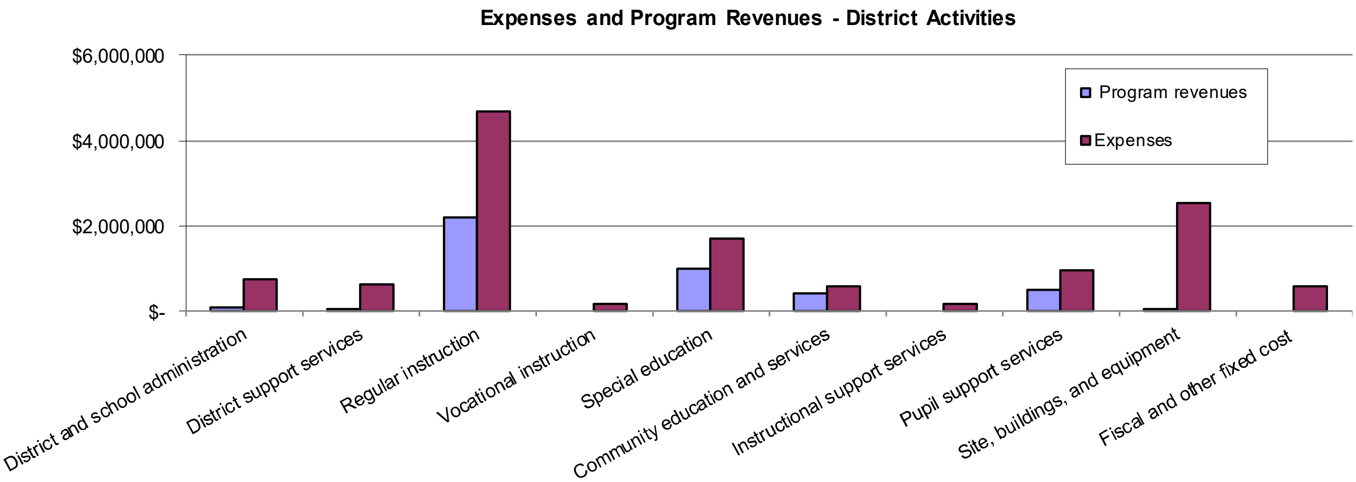
District's Revenue. The District's total revenues were $12,690,542 for the year ended June 30, 2023; compared to $12,318,767 for the year ending June 30, 2022. Local property taxes (levies) accounted for 24% percent (compared to 21% the previous year) of the total revenue, with the remaining revenue coming from other sources – primarily the State formula aid.

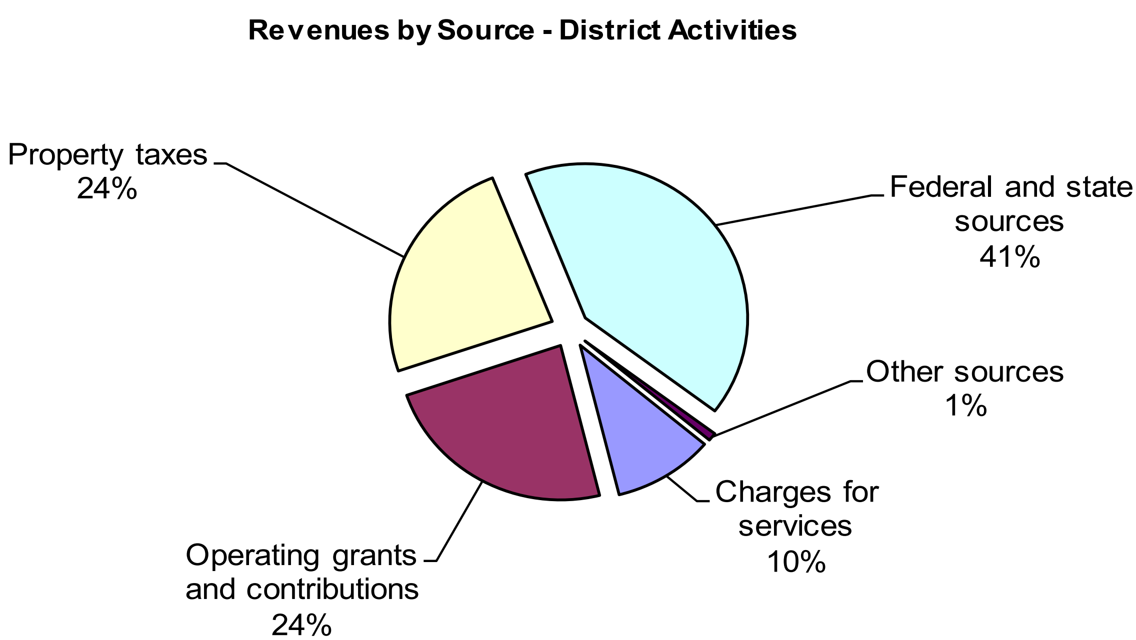
A condensed version of the Statement of Activities follows:

	Total	
	2023	2022
Revenue		
Program revenues:		
Charges for services	$ 1,271,795	$ 1,035,645
Operating grants and contributions	3,001,693	3,367,949
General revenues:		
Property taxes	3,076,025	2,609,902
Federal and state sources	5,234,937	5,224,695
Other sources	106,092	80,576
Total revenues	12,690,542	12,318,767
Expenses		
District and school administration	731,737	598,284
District support services	621,277	575,367
Regular instruction	4,692,405	4,079,494
Vocational instruction	161,156	203,770
Special education	1,686,182	1,433,979
Community education and services	571,773	477,941
Instructional support services	177,961	187,854
Pupil support services	961,404	1,655,073
Site, buildings, and equipment	2,545,393	2,441,863
Food service	514,141	
Fiscal and other fixed cost programs	603,725	582,146
Total expenses	13,267,154	12,235,771
Change in net position	(576,612)	82,996
Net position, beginning of year	(150,223)	(233,219)
Net position, end of year	$ (726,835)	$ (150,223)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Below are specific graphs that provide comparisons of the district activities direct program revenues with their expenses. Any shortfalls in direct revenues are primarily supported by property tax levy or general state aid.





FUND BASIS FINANCIAL ANALYSIS

Financial Analysis of the District's Funds

The financial performance of the District as a school is reflected in its governmental funds as well. As the District completed the year, its Governmental Funds reported a combined fund balance of ($1,685,926).

The District enrollment decreased 2.0% in 2023 to 660.18.

History of adjusted average daily membership:

Fiscal Year	ADM	% Change
2014	833.27	
2015	838.41	0.6%
2016	810.72	-3.3%
2017	828.93	2.2%
2018	782.92	-5.6%
2019	774.45	-1.1%
2020	742.04	-4.2%
2021	702.15	-5.4%
2022	673.61	-4.1%
2023	660.18	-2.0%

General Fund. The General Fund includes the primary operations of the District in providing educational services to students from kindergarten through grade twelve including pupil transportation activities and capital outlay projects.

Total General Fund Operating Revenue increased by $362,989 from the previous year (being $9,770,830 in 2023, and $9,407,841 in 2022). The primary increase was due to increases in state aid formula along with special education revenue increase. Basic general education revenue is determined by a state per student funding formula and consists of an equalized mix of property tax and state aid revenue. Other state-authorized revenue includes excess levy referendum and the property tax shift also involves an equalized mix of property tax and state aid revenue. Therefore, the mix of property tax and state aid can change significantly from year to year without any net revenue change.

Local property taxes are impacted by the state provided funds for school property tax relief. This relief was provided in two principal ways: 1) removal of the general education revenue property tax via a funding model of greater state aid; and 2) roll in of additional aid for referendum revenue into the basis formula for general education revenue.

FUND BASIS FINANCIAL ANALYSIS (Continued)

General fund revenues were as follows:

	2023	2022	Increase/ (Decrease)
Local property tax levies	$ 1,799,494	$ 1,306,358	$ 493,136
Other local and county sources	774,917	744,002	30,915
State sources	6,802,560	6,629,947	172,613
Federal sources	389,015	725,471	(336,456)
Investment income	4,844	2,063	2,781
Total General Fund Revenues and Other Financing Sources	$ 9,770,830	$ 9,407,841	$ 362,989

Total General Fund expenditures increased $413,270 from the previous year. The increase in the General Fund expenditures was primarily due to salary increases, student activities expenses increasing, one time COVID expenses and transportation increases.

General fund expenditures were as follows:

	2023	2022	Increase/ (Decrease)
District and school administration	$ 721,281	$ 642,218	$ 79,063
District support services	612,028	585,053	26,975
Regular instruction	4,735,654	4,473,328	262,326
Vocational instruction	167,593	220,456	(52,863)
Special education	1,674,493	1,509,237	165,256
Instructional support services	175,374	191,626	(16,252)
Pupil support services	955,628	1,163,205	(207,577)
Site, buildings, and equipment	1,306,964	1,216,729	90,235
Fiscal and other fixed cost programs	141,380	75,273	66,107
Total General Fund Expenditures	$ 10,490,395	$ 10,077,125	$ 413,270

The total General Fund balance on June 30, 2023, is ($1,670,165). Of the total amount, certain amounts are nonspendable, restricted or assigned – leaving an amount of ($1,824,983) in the Unassigned General Fund Balance.

FUND BASIS FINANCIAL ANALYSIS (Continued)

Food Service Fund. The Food Service Fund accounts for the activities related to providing child nutrition services to support K-12 academic programs. The fund operates with the goal that revenues exceed expenditures on day-to-day school breakfast and lunch operations so that the excess can be used to systematically replace and upgrade kitchen equipment. The goal for the food service fund is that the child nutrition services program is self-supporting and does not rely upon resources from K-12 instruction programs other than for use of school facilities.

The Food Service Fund Balance increased by $173. On June 30, 2023 the fund balance was $83,847; compared to the prior year balance of $83,674.

The Food Service revenue for 2022-2023 totaled $514,314 compared to $575,490 the previous year – a decrease of $61,176. The decrease was primarily due to moving back to the school nutrition program and not being reimbursed at the summer food program rates.

The Food Service expenditures for 2022-2023 totaled $514,141 compared to $498,771 the previous year – an increase in expenditures of $15,370. This increase was primarily due to cost inflation.

Community Service Fund. The Community Service Fund accounts for the activities related to providing education and recreation programs for Pre-Kindergarten and Post-Grade 12 students. The fund operates on the goal of breaking even on a yearly basis so that is does not rely upon resources from K-12 instruction programs other than for use of school facilities.

The Community Service Fund realized a decrease in fund balance of $17,283.

Community Service Fund revenues for 2022-2023 totaled $542,124 compared to $520,785 in the previous year. This increase in revenue of $21,339 is mainly due to COVID related grants that were received.

Community Service Fund expenditures for 2022-2023 totaled $559,407; compared to $500,138 in the previous year. An increase in expenditures of $59,269 from the previous year.

Debt Service Fund. The Debt Service fund exists to service the principal and interest on long-term debt issued by the District to construct school facilities or acquire school equipment. Annual levies will provide revenue at a rate of 105% or pending debt service payments for a fiscal year. This rate is specified in statute to ensure that principal and interest payment can be made as scheduled even if there are late property tax payments or delinquencies that may arise.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District provided a Revised 2022-2023 Budget in February of 2023. The revenue was decreased $458,202 due to declining enrollment and lower COVID related expenditures.

The Actual 2023 revenue was $435,614 more than the Revised Budget Revenue, primarily due to COVID related one time reimbursements.

The Revised 2023 Budget stated expenditures at $190,112 higher than the Original 2023 Budget. The Actual expenditures were $525,188 more than projected.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2023, the District had invested $22,936,312 (net of accumulated depreciation) in a broad range of capital assets including school buildings, athletic facilities, technology equipment, and other types of equipment. Capital assets are recorded in the District-wide financial statements, but are not reported in the Fund financial statements.

	Total (Net of Depreciation)	
	2023	2022
Land	$ 173,150	$ 173,150
Land improvements	212,084	235,524
Buildings	22,202,687	23,384,512
Machinery and equipment	348,391	346,886
Total	$ 22,936,312	$ 24,140,072

Long Term Liabilities. As of June 30, 2023, the District had $16,057,191 in bonds payable and premium outstanding. The District also had a net pension liability of $6,173,949, post-employment benefit obligation of $522,448, severance payable of $59,846 and capital leases of $144,756 at the end of the year. A summary of outstanding long-term liabilities as of June 30, 2023, is as follows:

	Total	
	2023	2022
General obligation bonds	$ 15,780,000	$ 17,030,000
Bond premium	277,191	334,015
Severance payable	59,846	79,283
Capital leases	144,756	231,812
Total	$ 16,261,793	$ 17,675,110

FACTORS BEARING ON THE DISTRICT'S FUTURE

With the exception of a voter-approved excess levy referendum, the District is dependent on the State of Minnesota for its revenue authority. Legislative increases have helped, but are not keeping with inflation or expenses.

Unassigned fund balance is the single best measure of overall financial health. The unassigned fund balance is ($1,824,983) as of June 30, 2023. This means, according to Minnesota Statutes, Section 123B.81, subdivision 2, the district is currently in Statutory Operating Debt (SOD). This occurred because the District is reporting their year end net negative unassigned General Fund balance exceeding more than 2.5% of its unrestricted operating expenditures.

The District has continued to see declining enrollment and just passed an operating referendum that started in the 2022-2023 school year. District staff along with the school board will be working with the staff from Minnesota Department of Education to put together a long-term plan to correct the SOD position the District is in.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and 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 District Office, Independent School District #2172, 225 Third Ave S., Wanamingo, Minnesota 55983.

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INDEPENDENT SCHOOL DISTRICT #2172
WANAMINGO, MINNESOTA

BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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INDEPENDENT SCHOOL DISTRICT #2172
WANAMINGO, MINNESOTA
STATEMENT OF NET POSITION
June 30, 2023
With Comparative Data as of June 30, 2022

	Governmental Activities	
	2023	2022
Assets		
Cash and investments	$ 1,110,599	$ 1,231,998
Taxes receivable	2,026,722	2,117,123
Other receivables	30,055	17,222
Due from other governmental units	933,640	1,157,893
Prepaid items	28,678	39,155
Inventory	1,255	2,873
Capital Assets:		
Nondepreciable	173,150	173,150
Depreciable, net	22,763,162	23,966,922
TOTAL ASSETS	27,067,261	28,706,336
Deferred Outflows of Resources		
Deferred outflows from pension activity	1,817,106	2,229,822
Deferred outflows from other post employment benefit obligation	39,130	44,541
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,856,236	2,274,363
Liabilities		
Accounts payable	87,599	151,207
Due to other governmental units	181,237	171,397
Accrued interest payable	233,974	219,792
Salaries and accrued liabilities payable	673,735	684,076
Unearned revenue	3,180	
General obligation aid anticipation certificate	1,500,000	1,000,000
Long-Term Liabilities:		
Due within one year	1,268,914	1,233,824
Due in more than one year	14,992,879	16,441,286
Other post employment benefit obligation	522,448	546,321
Net pension liability	6,173,949	3,449,870
TOTAL LIABILITIES	25,637,915	23,897,773
Deferred Inflows of Resources		
Deferred inflows from pension activity	508,873	3,564,152
Deferred inflows from other post employment benefit obligation	186,134	192,645
Property taxes levied for subsequent year	3,317,410	3,476,352
TOTAL DEFERRED INFLOWS OF RESOURCES	4,012,417	7,233,149
Net Position		
Net investment in capital assets	6,734,365	6,544,245
Restricted:		
Operating capital	66,230	
State-mandated restrictions	59,910	71,182
Food service	82,592	80,801
Unrestricted	(7,669,932)	(6,846,451)
TOTAL NET POSITION	$ (726,835)	$ (150,223)

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #2172
WANAMINGO, MINNESOTA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2023
With Partial Comparative Data for the Year Ended June 30, 2022

	2023			
		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
District and school administration	$ 731,737	$ 87,842	$	$
District support services	621,277		6,269	
Regular instruction	4,692,405	592,502	1,621,373	
Vocational instruction	161,156			
Special education	1,686,182		990,767	
Community education and services	571,773	344,868	68,990	
Instructional support services	177,961			
Pupil support services	961,404			
Site, buildings, and equipment	2,545,393		48,974	
Food service	514,141	246,583	265,320	
Fiscal and other fixed cost programs	603,725			
Total governmental activities	$ 13,267,154	$ 1,271,795	$ 3,001,693	$

General Revenues:
Property taxes and other county sources
State aid not restricted to specific purposes
Investment income
Miscellaneous
Total general revenues

Change in net position

Net Position - Beginning

Net Position - Ending

See Notes to Financial Statements

2023	2022
Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Total Governmental Activities	Total Governmental Activities
$ (643,895)	$ (554,106)
(615,008)	(573,325)
(2,478,530)	(1,518,676)
(161,156)	(203,770)
(695,415)	(651,730)
(157,915)	(88,027)
(177,961)	(187,854)
(961,404)	(1,156,302)
(2,496,419)	(2,392,773)
(2,238)	76,532
(603,725)	(582,146)
(8,993,666)	(7,832,177)
3,076,025	2,609,902
5,234,937	5,224,695
15,515	3,895
90,577	76,681
8,417,054	7,915,173
(576,612)	82,996
(150,223)	(233,219)
$ (726,835)	$ (150,223)

INDEPENDENT SCHOOL DISTRICT #2172
WANAMINGO, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023
With Partial Comparative Data as of June 30, 2022

	General	Food Service	Community Service
Assets			
Cash and investments	$ 539,943	$ 87,611	$ 137,261
Current property taxes receivable	822,832		53,180
Delinquent property taxes receivable	8,981		660
Accounts receivable	5,609	24,446	
Due from other Minnesota school districts	130,287		
Due from Minnesota Department of Education	583,653		3,969
Due from Federal through Minnesota Department of Education	145,354		
Inventory		1,255	
Prepaid items	28,678		
TOTAL ASSETS	$ 2,265,337	$ 113,312	$ 195,070
Liabilities, Deferred Inflows of Resources and Fund Balance			
Liabilities			
Accounts payable	$ 46,354	$ 28,778	$ 12,467
Salaries and accrued liabilities payable	642,188	687	30,860
Due to other Minnesota school districts	168,903		
Due to other governmental units	12,334		
Unearned revenue			3,180
Interest payable	34,630		
General obligation aid anticipation certificate	1,500,000		
TOTAL LIABILITIES	2,404,409	29,465	46,507
Deferred Inflows of Resources			
Unavailable revenue:			
Delinquent taxes	8,981		660
Taxes levied for subsequent year	1,522,112		115,340
TOTAL DEFERRED INFLOWS OF RESOURCES	1,531,093		116,000
Fund Balances			
Nonspendable	28,678	1,255	
Restricted	126,140	82,592	139,669
Unassigned	(1,824,983)		(107,106)
TOTAL FUND BALANCES	(1,670,165)	83,847	32,563
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 2,265,337	$ 113,312	$ 195,070

See Notes to Financial Statements

	Total Governmental Funds	
Debt Service	2023	2022
$ 345,784	$ 1,110,599	$ 1,231,998
1,131,626	2,007,638	2,093,592
9,443	19,084	23,531
	30,055	17,222
	130,287	164,459
70,377	657,999	378,923
	145,354	614,511
	1,255	2,873
	28,678	39,155
$ 1,557,230	$ 4,130,949	$ 4,566,264
$	$ 87,599	$ 151,207
	673,735	684,076
	168,903	171,180
	12,334	217
	3,180	
	34,630	2,083
	1,500,000	1,000,000
	2,480,381	2,008,763
9,443	19,084	23,531
1,679,958	3,317,410	3,476,352
1,689,401	3,336,494	3,499,883
	29,933	42,028
	348,401	291,229
(132,171)	(2,064,260)	(1,275,639)
(132,171)	(1,685,926)	(942,382)
$ 1,557,230	$ 4,130,949	$ 4,566,264

INDEPENDENT SCHOOL DISTRICT #2172
WANAMINGO, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2023
With Partial Comparative Data for the Year Ended June 30, 2022

	General	Food Service	Community Service
Revenues			
Local sources:			
Property tax levies	$ 1,799,494	$	$ 122,919
Other local and county sources	773,060		344,578
Investment income	4,844	2,411	2,268
State sources	6,802,560	22,481	55,098
Federal sources	389,015	242,839	17,261
Sales and other conversions of assets	1,857	246,583	
TOTAL REVENUES	9,770,830	514,314	542,124
Expenditures			
District and school administration	721,281		
District support services	612,028		
Regular instruction	4,735,654		
Vocational instruction	167,593		
Special education	1,674,493		
Community education and services			559,407
Instructional support services	175,374		
Pupil support services	955,628		
Site, buildings, and equipment	1,306,964		
Food service		514,141	
Fiscal and other fixed cost programs	141,380		
Debt service:			
Principal			
Interest and fiscal			
TOTAL EXPENDITURES	10,490,395	514,141	559,407
NET CHANGE IN FUND BALANCES	(719,565)	173	(17,283)
FUND BALANCE - BEGINNING	(950,600)	83,674	49,846
FUND BALANCE - ENDING	$ (1,670,165)	$ 83,847	$ 32,563

See Notes to Financial Statements

	Total Governmental Funds	
Debt Service	2023	2022
$ 1,158,059	$ 3,080,472	$ 2,607,125
	1,117,638	1,045,610
5,992	15,515	3,895
703,670	7,583,809	7,319,217
	649,115	1,254,221
	248,440	85,922
1,867,721	12,694,989	12,315,990
	721,281	642,218
	612,028	585,053
	4,735,654	4,473,328
	167,593	220,456
	1,674,493	1,509,237
	559,407	500,138
	175,374	191,626
	955,628	1,163,205
	1,306,964	1,216,729
	514,141	498,771
	141,380	75,273
1,337,056	1,337,056	1,233,823
537,534	537,534	580,669
1,874,590	13,438,533	12,890,526
(6,869)	(743,544)	(574,536)
(125,302)	(942,382)	(367,846)
$ (132,171)	$ (1,685,926)	$ (942,382)

INDEPENDENT SCHOOL DISTRICT #2172
WANAMINGO, MINNESOTA
RECONCILIATION OF NET POSITION IN THE
DISTRICT-WIDE FINANCIAL STATEMENTS AND FUND BALANCES
IN THE FUND BASIS FINANCIAL STATEMENTS
June 30, 2023

Amounts reported for governmental activities in the statement of net position are different because:

Total governmental fund balances (pages 17 and 18)		$ (1,685,926)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental funds - capital assets	$ 39,137,785	
Less: Accumulated depreciation	16,201,473	
		22,936,312
Certain long-term assets not available to pay for current-period expenditures and, therefore, are unavailable in the funds:		
Delinquent property taxes		19,084
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds and notes payable	$ (15,780,000)	
Unamortized bond premiums	(277,191)	
Other postemployment benefits payable	(669,452)	
Capital leases payable	(144,756)	
Net pension liability	(4,865,716)	
Severance leave payable	(59,846)	
Accrued interest	(199,344)	
		(21,996,305)
Net position of governmental activities (page 14)		$ (726,835)

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #2172
WANAMINGO, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds (pages 19 and 20)		$ (743,544)
Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlays	$ 57,488	
Depreciation expense	(1,261,248)	
		(1,203,760)
Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Delinquent property taxes		(4,447)
The governmental funds report long-term debt proceeds as financing sources, while repayment of long-term debt principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligations bonds and related items is as follows.		
Principal retirement on long-term debt	$ 1,250,000	
Bond premium	56,824	
Change in accrued interest	18,365	
		1,325,189
Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net position.		
Repayment of capital lease		87,056
In the statement of activities, certain operating expenses - net pension liability, severance payable, and other postemployment benefits - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).		
Change in net pension liability	$ (81,516)	
Change in severance payable	19,437	
Other postemployment benefits payable	24,973	
		(37,106)
Change in net position of governmental activities (pages 15 and 16)		$ (576,612)

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #2172
WANAMINGO, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2023
With Partial Comparative Data for the Year Ended June 30, 2022

	Budgeted Amounts		2023	Over (Under)	2022
	Original	Final	Actual	Final Budget	Actual
Revenues					
Local sources:					
Property tax levies	$ 1,742,517	$ 1,764,668	$ 1,799,494	$ 34,826	$ 1,306,358
Other local and county sources	454,980	500,623	773,060	272,437	740,999
Investment income	2,000	2,000	4,844	2,844	2,063
State sources	7,010,764	6,769,204	6,802,560	33,356	6,629,947
Federal sources	579,857	298,099	389,015	90,916	725,471
Sales and other conversions of assets	3,300	622	1,857	1,235	3,003
TOTAL REVENUES	9,793,418	9,335,216	9,770,830	435,614	9,407,841
Expenditures					
District and school administration	674,141	696,858	721,281	24,423	642,218
District support services	609,710	617,562	612,028	(5,534)	585,053
Regular instruction	4,165,240	4,301,574	4,735,654	434,080	4,473,328
Vocational instruction	229,025	228,653	167,593	(61,060)	220,456
Special education	1,531,365	1,564,258	1,674,493	110,235	1,509,237
Instructional support services	185,487	173,691	175,374	1,683	191,626
Pupil support services	1,173,767	1,176,618	955,628	(220,990)	1,163,205
Site, buildings, and equipment	1,126,274	1,130,710	1,306,964	176,254	1,216,729
Fiscal and other fixed cost programs	80,086	75,283	141,380	66,097	75,273
TOTAL EXPENDITURES	9,775,095	9,965,207	10,490,395	525,188	10,077,125
NET CHANGE IN FUND BALANCE	18,323	(629,991)	(719,565)	(89,574)	(669,284)
FUND BALANCE - BEGINNING	(950,600)	(950,600)	(950,600)		(281,316)
FUND BALANCE - ENDING	$ (932,277)	$ (1,580,591)	$ (1,670,165)	$ (89,574)	$ (950,600)

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #2172
WANAMINGO, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOOD SERVICE FUND
For the Fiscal Year Ended June 30, 2023
With Partial Comparative Data for the Year Ended June 30, 2022

	Budgeted Amounts		2023	Over (Under)	2022
	Original	Final	Actual	Final Budget	Actual
Revenues					
State sources	$ 27,500	$ 27,500	$ 22,481	$ (5,019)	$ 15,712
Federal sources	199,350	199,350	242,839	43,489	476,672
Food sales	268,600	268,600	246,583	(22,017)	82,919
Investment income			2,411	2,411	187
TOTAL REVENUES	495,450	495,450	514,314	18,864	575,490
Expenditures					
Food service	494,926	494,974	514,141	19,167	498,771
NET CHANGE IN FUND BALANCES	524	476	173	(303)	76,719
FUND BALANCES - BEGINNING	83,674	83,674	83,674		6,955
FUND BALANCES - ENDING	$ 84,198	$ 84,150	$ 83,847	$ (303)	$ 83,674

INDEPENDENT SCHOOL DISTRICT #2172
WANAMINGO, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
COMMUNITY SERVICE FUND
For the Fiscal Year Ended June 30, 2023
With Partial Comparative Data for the Year Ended June 30, 2022

	Budgeted Amounts		2023	Over (Under)	2022
	Original	Final	Actual	Final Budget	Actual
Revenues					
Local sources:					
Property tax levies	$ 125,833	$ 122,774	$ 122,919	$ 145	$ 126,977
Other local and county sources	163,000	294,979	344,578	49,599	304,611
Investment income			2,268	2,268	494
State sources	33,777	39,569	55,098	15,529	36,625
Federal sources			17,261	17,261	52,078
TOTAL REVENUES	322,610	457,322	542,124	84,802	520,785
Expenditures					
Community education and services	516,432	514,949	559,407	44,458	500,138
NET CHANGE IN FUND BALANCES	(193,822)	(57,627)	(17,283)	40,344	20,647
FUND BALANCES - BEGINNING	49,846	49,846	49,846		29,199
FUND BALANCES - ENDING	$ (143,976)	$ (7,781)	$ 32,563	$ 40,344	$ 49,846

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #2172
WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

1. Summary of Significant Accounting Policies

Independent School District #2172 was formed and operates pursuant to applicable Minnesota laws and statutes.

The governing body consists of a seven-member board elected by the voters of the District to serve four-year terms.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB pronouncements are recognized as accounting principles generally accepted in the United States of America for state and local governments. The following is a summary of the more significant accounting policies:

Financial Reporting Entity

Independent School District #2172 (the District) is an instrumentality of the State of Minnesota established to function as an educational institution. The elected School Board (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

Accounting principles generally accepted in the United States of America (GAAP) require that the District's financial statements include all funds, account groups, departments, agencies, boards, commissions, and other organizations which are not legally separated from the District. In addition, the District's financial statements are to include all component units - entities for which the District is financially accountable.

Financial accountability includes such aspects as appointing a voting majority of the organization's governing body, significantly influencing the programs, projects, activities or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burden on, the organization. Based on the aforementioned criteria, the District has no component units.

Basic Financial Statement Presentation

The District-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The District-wide financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized when the exchange takes place. 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. State aids are recorded as revenue in the fiscal year for which the aids are designated by statute.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

Governmental fund types are accounted for using the modified accrual basis of accounting. Under this method revenues are recognized when susceptible to accrual, i.e. both measurable and available to finance expenditures of the fiscal period. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues susceptible to accrual are property taxes, state aids, fees, and interest. For this purpose, the District considers all revenue to be available if they are collected within 60 days after the end of the current period.

Expenditures are generally recognized using the modified accrual basis of accounting when a related fund liability is incurred. Exceptions to this rule include (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued, and (2) principal and interest on general long-term debt which is recognized when due.

These methods are in accordance with the Uniform Financial Accounting and Reporting System (UFARS), which the School District uses to prepare its financial statements.

1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transaction, in which the District receives value without directly giving equal value in return, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year in when the resources are required to be used or the year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it is recognized.

Unearned revenue is recorded when assets are recognized before revenue recognition criteria have been satisfied. Grants received before eligibility requirements other than time requirements are met are recorded as unearned revenue. Grants received before time requirements are met are recorded as a deferred inflow of resources.

Description of Funds

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues and expenditures. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The major funds of the District are presented as follows:

The *general fund* is the District’s primary operating fund. It accounts for all financial resources and transactions except those required to be accounted for in other funds.

The *food service fund* accounts for all activities associated with the preparation and serving of regular and incidental meals, lunches or snacks in connection with school activities.

The *community service fund* accounts for the resources designated for programs other than those for elementary and secondary students.

The *debt service fund* accounts for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

1. Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting

Budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America. Each June, the School Board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service, and Debt Service Funds. Reported budget amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level.

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

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

Cash and Investments

Cash and investments consist of demand deposits accounts, money market accounts, and interest-bearing accounts. Cash balances from all funds are combined and invested to the extent available in various securities as authorized by Minnesota Statutes. Earnings from pooled investments are allocated to the respective funds on the basis applicable cash balance participation by each fund.

Accounts Receivable

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

Prepaid Items

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

Property Taxes

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

1. Summary of Significant Accounting Policies (Continued)

Property Taxes (continued)

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as deferred revenue (property taxes levied for subsequent year). The majority of District revenue in the General and Special Revenue Funds is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between taxes and state aids by the Legislature based on education funding priorities. 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 $186,452 of the property tax levy collectible in 2023 as revenue to the District in fiscal year 2022-2023. The remaining portion of the taxes collectible in 2023 is recorded as deferred inflows of resources.

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

Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The District maintains a capitalization threshold level of $1,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the District-wide financial statement, but are not reported in the Fund financial statements. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Deprecation is provided using the straight-line method applied over the following estimated useful lives of the assets.

	Useful Life in Years
Buildings and improvements	20 - 50
Equipment	5 - 15

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

Use of Estimates

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

1. Summary of Significant Accounting Policies (Continued)

Long-term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expense in the period they are incurred.

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

Sick Leave

The District has employee and union contracts with several different employee groups. Employee benefits under the contracts are different, but generally include provisions for sick leave and vacation leave. The District accounts for the employee benefits as follows:

The District compensates administrative and support staff employees for vacation benefits at various rates based on language in their respective agreements. The expenditure for vacation pay is recognized when payment is made.

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

Teachers

A teacher terminating employment after having reached the age of 55 and having completed no less than 25 years of employment as a teacher with the District shall be entitled upon retirement to payment for unused, accumulated sick leave at the teacher's daily rate of pay based on the salary schedule rates in effect at the time of retirement up to a maximum of 100 days leave. The amount paid shall not exceed $10,000. The benefit shall apply only to teachers who were hired prior to July 1, 1993, and who did not elect to participate in the matching plan.

Principals

A principal terminating employment after having reached the age of 55 and having completed no less than ten years of employment as a principal with the District will, upon retirement, receive up to $3,860 per year towards health and hospitalization benefits until eligibility of Medicare. The early retirement incentive benefit shall apply only to principals who were hired prior to July 2, 2010.

A principal terminating employment shall be entitled to severance pay for unused sick leave at the time of separation from the District. This payment shall be calculated by taking the number of unused sick days whole under administrative contract times one-half times the daily rate of pay. The amount paid shall not exceed $15,000.

1. Summary of Significant Accounting Policies (Continued)

Sick Leave (Continued)

Superintendent

The superintendent, upon the involuntary termination of employment for any reason, shall be paid severance pay in an amount equal to accumulated unused sick leave days up to a maximum of 55 days. The daily rate of pay used for calculating severance shall be the last year's annual salary divided by 260. Severance pay is available at the time of resignation from the District.

Other Postemployment Benefits Payable

Under provisions of various employee and union contracts the District provides health coverage until age 65 if certain criteria are met. The amount to be incurred is limited as specified by contract. All premiums are funded on a pay-as-you-go basis. This amount was actuarially determined, in accordance with GASB Statement No. 75.

Pension

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

TRA has a special funding situation created by direct aid contributions made by the State of Minnesota, City of Minneapolis and Minneapolis School District. This 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 Teacher's Retirement Fund Association in 2015.

Deferred Outflows of Resources

In addition to assets, the financial statements will sometimes report a separate section of deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. The District has two types of item which occurs related to revenue recognition. The deferred outflow of resources are pension related and OPEB.

Deferred Inflows of Resources

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

1. Summary of Significant Accounting Policies (Continued)

Unearned Revenue

Unearned revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The District has reported the following items as unearned revenue: lunch accounts and childcare programs.

Fund Balance

In the fund financial statements, governmental fund types report nonspendable, restricted, committed, assigned and unassigned fund balance amounts.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses or revenues/income initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses or revenues/income in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Comparative Data

Comparative data for the prior year has been presented in certain of the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, complete comparative data has not been presented since their inclusion would not provide meaningful comparisons. Certain amounts in the June 30, 2022 totals column have been reclassified to conform with the current year presentation.

Net Position

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

Implementation of New Accounting Principles

During the year, the District implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on accounting and financial reporting for subscription-based information technology. Under this Statement, government organizations are required to recognized a subscription liability and a right-to-use capitalized asset. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. This Statement establishes uniform accounting and financial reporting requirements for Subscription-Based Information Technology Arrangements; improves the comparability of government financial statements; and enhances the relevance, understandability, reliability, and consistency of information regarding these arrangements. The Statement has been implemented.

2. Stewardship and Accountability

Excess of expenditures over appropriations at the individual fund level during 2023 are as follows:

	Budget	Expenditures	Excess
General Fund	$ 9,965,207	$ 10,490,395	$ 525,188
Food Service Fund	494,974	514,141	19,167
Community Service Fund	514,949	559,407	44,458

Excess expenditures were the result of a planned process.

Deficit Fund Balance

General Fund had a deficit fund balance of $1,670,165 at June 30, 2023.

Debt Service Fund had a deficit fund balance of $132,171 at June 30, 2023.

3. Cash and Investments

Summary of Cash and Investments

As of June 30, 2023, the District's cash and investments consisted of the following items:

Deposits	$	192,191
MSDLAF+ Liquid Class		251,576
MSDLAF+ Max Class		666,832
Cash and Investments per Statement of Net Position	$	1,110,599

Investments Authorized by Minnesota Statues

The District is authorized by Minnesota Statues to invest idle funds as follows:

a) Direct obligations or obligations guaranteed by the United States or its agencies.

b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and 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 thirteen months or less.

c) General obligations rated "A" or better; revenue obligations rated "AA" or better.

d) General obligations of the Minnesota Housing Finance Agency rated "A" or better.

e) Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System.

f) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.

g) Repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

h) Guaranteed Investments 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.

3. Cash and Investments (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's deposit policy for custodial credit risk follows Minnesota Statutes for deposits. The District's deposits are entirely covered by federal depository insurance or by collateral held by the District's custodial banks in the District's name.

Minnesota Statues require that all District deposits be insured, secured by surety bonds or be collateralized. Except for notes secured by first mortgages of future maturity, the market value of collateral pledged by the custodial bank must equal 110% of the deposits not covered by insurance or surety bonds. Authorized collateral includes certain state of local government obligations and legal investments. Minnesota Statues also require that securities pledged as collateral be held in safekeeping by the Treasurer, or in a financial institution other than the institution furnishing the collateral.

Concentration of Credit Risk

The investment policy of the District contains no limitation on the amount that can be invested in any one issuer. Investments in any one issuer that represent 5% or more of total investments are as follows:

MSDLAF+ Liquid Class	$ 251,576
MSDLAF+ Max Class	666,832

Fair Value Measurement

Fair value measurements are determined utilizing the framework established by the Governmental Accounting Standards Board. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data. Inputs to the valuation methodology include:
    - Quoted prices for similar assets or liabilities in active markets
    - Quoted prices for identical assets or liabilities in inactive markets
    - Inputs other than quoted prices that are observable for the asset or liability
    - Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specific (contractual) term, Level 2 input must be observable for substantially the full term of the asset or liability

- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement

3. Cash and Investments (Continued)

Fair Value Measurement (continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The District had the following investments at year-end:

	Credit Risk		Fair Value Measurements	Interest Risk - Maturity Duration in Years				
Investment Type	Rating	Agency	Using	No Maturity Date	Less Than 1	1 to 5	6 to 10	Total
MSDLAF+ Liquid Class	AAAa	S&P	N/A	$ 251,576	$	$	$	$ 251,576
MSDLAF+ Max Class	AAAa	S&P	N/A	666,832				666,832
Total Invesments				$ 918,408	$	$	$	$ 918,408

N/A - Not applicable

The Minnesota School District Liquid Asset Fund (MSDLAF) Plus Liquid Class and MSDLAF Plus Max Class 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 pool, which is based on amortized cost method that approximates fair value. For the MSDLAF Plus Liquid Class and MSDLAF Plus Max Class investment pools, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice required.

4. Due From Other Governmental Units

Amounts due from other governmental units at June 30, 2023 are as follows:

Fund	Minnesota Department of Education	Federal Government Through MDE	Other Minnesota School Districts	Total
General	$ 583,653	$ 145,354	$ 130,287	$ 859,294
Community Service	3,969			3,969
Debt Service	70,377			70,377
	$ 657,999	$ 145,354	$ 130,287	$ 933,640

5. General Obligation Aid and Tax Anticipation Certificates of Indebtedness

For the purpose of providing funds to meet current expenditures of the District, General Obligation Aid Anticipation Certificates of Indebtedness were issued in the aggregate principal amount of $900,000. Proceeds net of issuance costs were $890,975. The Certificates were issued in September 2022, bearing interest at the annual rate of 3.18% and mature in September of 2023.

For the purpose of providing funds to meet current expenditures of the District, General Obligation Tax Anticipation Certificates of Indebtedness were issued in the aggregate principal amount of $600,000. Proceeds net of issuance costs were $591,675. The Certificates were issued in January 2023, bearing interest at the annual rate of 4.58% and mature in September of 2023.

Last fiscal year, the District issued $1,000,000 of General Obligation Aid Anticipations Certificates of Indebtedness in September 2021, bearing an interest at the annual rate of 0.25% and matured in September 2022.

6. Capital Assets

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

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	$ 173,150	$	$	$ 173,150
Capital assets, being depreciated:				
Buildings	36,695,293		13,576	36,681,717
Land improvements	723,725			723,725
Eligible pupil vehicles	142,102			142,102
Equipment	2,500,836	57,488	1,141,233	1,417,091
Total capital assets, being depreciated	40,061,956	57,488	1,154,809	38,964,635
Less accumulated depreciation for:				
Buildings	13,310,781	1,181,825	13,576	14,479,030
Land improvements	488,201	23,440		511,641
Eligible pupil vehicles	120,461	6,183		126,644
Equipment	2,175,591	49,800	1,141,233	1,084,158
Total accumulated depreciation	16,095,034	1,261,248	1,154,809	16,201,473
Total capital assets, being depreciated, net	23,966,922	(1,203,760)		22,763,162
Governmental activities capital assets, net	$ 24,140,072	$ (1,203,760)	$	$ 22,936,312

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
District support services	$ 86
Regular instruction	16,126
Vocational instruction	319
Special education	435
Community education	71
Instructional support services	353
Pupil support services	4,692
Site, buildings and equipment	1,239,166
Total depreciation expense - governmental activities	$ 1,261,248

7. Long-Term Liabilities

The long-term debt obligations outstanding and related maturities and interest rates are summarized in the following schedules. General Obligation Bonds and the Capital Lease are serviced by the Debt Service Fund. They are backed by the full faith and credit of the District.

A summary of interest rates, maturities and June 30, 2023 balances is as follows:

	Original Amount of Debt	Range of Interest Rates	Final Maturity	Balance June 30, 2023
General Obligation Bonds:				
2016A Alternative Facilities Refunding	$ 3,475,000	3.00%	2/1/2026	$ 2,645,000
2017A School Building Refunding & Facilities Maintenance	5,315,000	3.00%	2/1/2033	1,400,000
2017B School Building	4,685,000	3.00%	2/1/2038	4,550,000
2018A School Building	6,830,000	3.00% - 3.25%	2/1/2038	6,830,000
2019A Tax Abatement	480,000	3.50%	2/1/2030	355,000
Capital Lease Payable				144,756
Bond Premium, Net				277,191
Severance Payable				59,846
Total				$ 16,261,793

Capital Lease

The District entered into a lease agreement in February 2009 for the financing of energy cost savings projects. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date. The District entered into an agreement to refinance the lease in September 2011. The lease is payable from the debt service fund in monthly installments of $7,682 (including interest) through February 2025 at a 3.79 percent interest rate. The balance remaining as of June 30, 2023, is $144,756.

7. Long-Term Liabilities (Continued)

The following is a summary of the changes in long-term debt obligations for the year ended June 30, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Bonds Payable:					
General Obligation Bonds:					
2009C School Building	$ 120,000	$	$ 120,000	$	$
2016A Alternative Facilities Refunding	3,475,000		830,000	2,645,000	855,000
2017A School Building Refunding & Facilities Maintenance	1,520,000		120,000	1,400,000	120,000
2017B School Building	4,685,000		135,000	4,550,000	140,000
2018A School Building	6,830,000			6,830,000	
2019A Tax Abatement	400,000		45,000	355,000	45,000
Bond Premium, Net	334,015		56,824	277,191	
Other Liabilities:					
Severance	79,283		19,437	59,846	18,500
Capital Leases Payable:					
Energy Efficiency Improvements	231,812		87,056	144,756	90,414
Governmental Activities Long-term Liabilities	$ 17,675,110	$	$ 1,413,317	$ 16,261,793	$ 1,268,914

The annual requirements to amortize all long-term debt outstanding as of June 30, 2023, over the life of the debt, are summarized below:

	General Obligation Bonds		Capital Lease		
Years	Principal	Interest	Principal	Interest	Total
2024	$ 1,160,000	$ 442,800	$ 90,414	$ 3,926	$ 1,697,140
2025	1,195,000	426,150	54,342	689	1,676,181
2026	1,235,000	389,550			1,624,550
2027	970,000	326,225			1,296,225
2028	990,000	296,650			1,286,650
2029-2033	5,195,000	1,167,550			6,362,550
2034-2038	5,035,000	398,432			5,433,432
Totals	$ 15,780,000	$ 3,447,357	$ 144,756	$ 4,615	$ 19,376,728

8. Fund Equity

In accordance with Government Accounting Standards, the District classifies governmental fund balances as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual restraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained to due constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District has a formal minimum fund balance policy for the general fund unassigned fund balance to be at least 10% percent of the annual budgeted expenditures.

Restriction of fund balance indicates that a portion of the fund balance is legally segregated for a specific future use. The following is a summary of the restricted fund balances for the governmental funds:

<u>Restricted for Staff Development</u> – Represents unspent staff development revenues set aside from General Education Revenue.

<u>Restricted for Student Activities</u> – Represents the resources available for the extracurricular activity funds raised by students.

<u>Restricted for Operating Capital</u> – Beginning in the 1996-97 year, represents available resources in the General Fund to be used to purchase equipment and facilities.

<u>Restricted for Long-Term Facilities Maintenance</u> – Represents available resources to be used for LTFM projects in accordance with the 10-year plan.

<u>Restricted for Community Education</u> - Represents available resources within the Community Service Fund for enrichment programs for any age level that are not part of the K-12 education program which are not taken for credit or required for graduation.

<u>Restricted for Early Childhood and Family Education</u> - Represents available resources within the Community Service Fund whose focus is to improve parenting skills of new and expectant parents, and/or to provide learning experiences for parents and children.

8. Fund Equity (Continued)

Restricted for School Readiness - Represents the resources available to provide for services for school readiness programs.

The following is a summary of fund balances as of June 30, 2023 with comparative totals for June 30, 2022:

	General	Food Service	Community Service	Debt Service	2023 Totals	2022 Totals
Nonspendable						
Inventory	$	$ 1,255	$	$	$ 1,255	$ 2,873
Prepaid items	28,678				28,678	39,155
Total nonspendable	28,678	1,255			29,933	42,028
Restricted						
Student activities	18,041				18,041	23,330
Scholarships	41,748				41,748	47,852
Staff development	121				121	
Operating capital	66,230				66,230	
Food service		82,592			82,592	80,801
Community education			73,214		73,214	52,802
Early childhood and family education			15,201		15,201	23,365
Community service			51,254		51,254	63,079
Total restricted	126,140	82,592	139,669		348,401	291,229
Unassigned	(1,824,983)		(107,106)	(132,171)	(2,064,260)	(1,275,639)
Total Fund Balance	$(1,670,165)	$ 83,847	$ 32,563	$ (132,171)	$ (1,685,926)	$ (942,382)

8. Fund Equity (Continued)

The Uniform Financial Accounting and Reporting Standards (UFARS) fund balance reporting standards are slightly different than the reporting standards under GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions.* Below is a reconciliation between the fund balances following GASB standards and UFARS reporting standards:

	GASB Balance	Reconciling Balance	UFARS Balance June 30, 2023	UFARS Balance June 30, 2022
Nonspendable				
Inventory	$ 1,255	$	$ 1,255	$ 2,873
Prepaid items	28,678		28,678	39,155
Total nonspendable	29,933		29,933	42,028
Restricted				
Student activities	18,041		18,041	23,330
Scholarships	41,748		41,748	47,852
Staff development	121		121	
Operating capital	66,230		66,230	
Long term facilities maintenance		(191,150)	(191,150)	(213,738)
Food service	82,592		82,592	80,801
Community education	73,214		73,214	52,802
Early childhood and family education	15,201		15,201	23,365
School readiness		(107,106)	(107,106)	(89,400)
Community service	51,254		51,254	63,079
Debt service		(132,171)	(132,171)	(125,302)
Total restricted	348,401	(430,427)	(82,026)	(137,211)
Unassigned	(2,064,260)	430,427	(1,633,833)	(847,199)
Total Fund Balance	$ (1,685,926)	$	$ (1,685,926)	$ (942,382)

9. Commitments and Contingencies

The District participates in a number of federal and state agency assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District does not anticipate any audit adjustments or disallowed program expenditures that would-be material in relation to the general purpose financial statements taken as a whole.

10. Defined Benefit Pension Plans – Statewide

Plan Description

1. General Employees Retirement Fund

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

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

2. Teachers Retirement Association (TRA)

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

Educators employed in Minnesota's public elementary and secondary school, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those employed by St. Paul schools or Minnesota State colleges and universities). Educators first hired by Minnesota State may elect TRA coverage or coverage through Minnesota State's Individual Retirement Account Plan (IRAP) within one year of eligible employment.

10. Defined Benefit Pension Plans – Statewide (Continued)

Benefits Provided

1. General Employees Plan Benefits

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

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate of Coordinated 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 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 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 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. 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

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

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

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

10. Defined Benefit Pension Plans – Statewide (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) 3 percent per year early retirement reduction factors 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).

Or

Tier II Benefits

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

Members first employed after June 30, 1989, receive only the Tier II 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 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 also 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.

Contributions

1. General Employees Fund Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2023 and the District was required to contribute 7.50 percent for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2023 were $101,652. The District's contributions were equal to the required contributions as set by the state statute.

10. Defined Benefit Pension Plans – Statewide (Continued)

2. TRA Contributions

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

	Ended June 30, 2022		Ended June 30, 2023	
	Employee	Employer	Employee	Employer
Basic	11.00%	12.34%	11.00%	12.55%
Coordinated	7.50%	8.34%	7.50%	8.55%

The District's contributions to the TRA Fund for the year ended June 30, 2023 were $305,412. The District's contributions were equal to the required contributions as set by the state statute.

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

Employer contributions reported in TRA's CAFR, Statement of Changes in Fiduciary Net Position	$	482,679,000
Add employer contributions not related to future contribution efforts		(2,178,000)
Deduct TRA's contributions not included in allocation		(572,000)
Total employer contributions	$	479,929,000
Total non-employer contributions		35,590,000
Total Contributions reported in Schedule of Employer and Non-Employer Allocations	$	515,519,000

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. TRA has rounded percentage amounts to the nearest ten thousandths.

10. Defined Benefit Pension Plans – Statewide (Continued)

Pension Costs

1. General Employees Fund Pension Costs

At June 30, 2023, the District reported a liability of $1,433,526 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled $41,958. 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 received by PERA during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2022, the District's proportion was 0.0181 percent at the end of the measurement period and 0.0194 percent for the beginning of the period.

District's proportionate share of net pension liability	$ 1,433,526
State's proportionate share of the net pension liability associated with the district	41,958
Total	$ 1,475,484

For the year ended June 30, 2023, the District recognized pension expense of $70,368 for its proportionate share of General Employees Plan's pension expense. In addition, the District recognized an additional $6,269 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's pension expense for the annual $16 million contribution.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	$ 11,974	$ 16,429
Difference between projected and actual investment earnings		10,157
Changes in actuarial assumptions	347,031	6,313
Changes in proportion	24,880	47,632
Contributions paid to PERA subsequent to the measurement date	112,057	
Total	$ 495,942	$ 80,531

The $112,057 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

10. Defined Benefit Pension Plans – Statewide (Continued)

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	$ 132,530
2025	113,859
2026	(72,676)
2027	129,641

2. TRA Pension Costs

At June 30, 2023, the District reported a liability of $4,740,423 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis and Minneapolis School District. The District's proportionate share was 0.0592 percent at the end of the measurement period and 0.0599 percent for the beginning of the period.

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

District's proportionate share of net pension liability	$ 4,740,423
State's proportionate share of the net pension liability associated with the district	351,598
Total	$ 5,092,021

For the year ended June 30, 2023, the District recognized pension expense of $11,148. It also recognized $48,346 as an increase to pension expense for the support provided by direct aid.

10. Defined Benefit Pension Plans – Statewide (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	$ 73,073	$ 43,675
Difference between projected and actual investment earnings	124,486	
Changes in actuarial assumptions	799,420	
Changes in proportion	4,186	384,667
Contributions paid to TRA subsequent to the measurement date	319,999	
Total	$ 1,321,164	$ 428,342

The $319,999 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

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

Year ending June 30:	Pension Expense Amount
2024	$ (18,871)
2025	54,046
2026	(33,668)
2027	573,076
2028	(1,760)

Aggregate Pension Costs

Pension expense recognized by the District for the year ended June 30, 2023 is as follows:

General Employee Retirement Fund	$ 76,637
TRA	59,494
Total	$ 136,131

10. Defined Benefit Pension Plans – Statewide (Continued)

Long-Term Expected Return on Investment

1. General Employees Fund Long-Term Expected Return on Investment

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25.0%	0.75%
Private Markets	25.0%	5.90%
Total	100%	

2. TRA Long-Term Expected Return on Investment

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Private Markets	25.0%	5.90%
Fixed Income	25.0%	0.75%
Total	100%	

10. Defined Benefit Pension Plans – Statewide (Continued)

Actuarial Assumptions

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

1. General Employees Fund Actuarial Assumptions

   The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5 percent. The assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

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

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

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

Actuarial assumptions for the General Employees Plan are review every four years. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

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

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

10. Defined Benefit Pension Plans – Statewide (Continued)

2. TRA Actuarial Assumptions

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

Key Methods and Assumptions Used in Valuation of Total Pension Liability	
Actuarial Information	
Valuation Date	July 1, 2022
Measurement Date	June 30, 2022
Experience Study	June 28, 2019 (demographic and economic assumptions)
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.00%
Price Inflation	2.50%
Wage Growth Rate	2.85% before July 1, 2028 and 3.25% after June 30, 2028
Projected Salary Increases	2.85 - 8.85% before July 1, 2028 and 3.25 - 9.25% after June 30, 2028
Cost of Living Adjustment	1.0% for January 2020 through January 2023, then increasing by 0.1% each year up to 1.5% annually.
Mortality Assumptions:	
Pre-Retirement:	RP-2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projections uses the MP-2015 scale.
Post-Retirement:	RP-2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustment of the rates. Generational projection uses the MP-2015 scale
Post-Disability:	RP-2014 disabled retiree morality table, without adjustment.

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

The following changes in TRA actuarial assumptions since the 2021 valuation:

- For GASB Valuation
  - None

10. Defined Benefit Pension Plans – Statewide (Continued)

Discount Rate

1. General Employees Fund Discount Rate

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 the rates specified in Minnesota Statutes. Based on those assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

2. TRA Discount Rate

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 2022 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

Pension Liability Sensitivity

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
General Employees Retirement Fund Discount Rate	5.50%	6.50%	7.50%
District's proportionate share of the General Employees Retirement Fund net pension liability	$ 2,264,329	$ 1,433,526	$ 752,139
TRA Discount Rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	$ 7,473,018	$ 4,740,423	$ 2,500,546

Pension Plan Fiduciary Net Position

Detailed information about the General Employees Retirement Fund'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 TRA'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 TRA at 60 Empire Drive 400, St. Paul, Minnesota, 55103-4000; or by calling 651-296-2409 or 800-657-3669.

11. Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries insurance for employee health, liability, property, and automotive insurance. Settled claims resulting from these risks have not exceeded the insurance coverage in any of the past three years. There was no reduction in insurance coverage during 2023.

12. Jointly Governed Organization

The District and six other school districts, in conjunction with the Goodhue County Education District (GCED), created a joint powers agreement to provide comprehensive educational programs and other services to participating school districts. The GCED's board is defined in the Joint Powers Agreement. A member may withdraw upon withdraw upon written notice given to the Board and to each participating school district. A withdrawing member shall forfeit its proportionate share of current depreciated value of any real or personal property they helped purchase in accordance with the Joint Powers Agreement. In the event of dissolution, all assets of the education district shall be distributed to the districts which are members at the time of dissolution on a proportionate basis to be determined by the education district board. Separate financial statements of the joint venture may be obtained from GCED upon request. The District had purchases from GCED of $923,528 for the year ended June 30, 2023, and an outstanding balance due to GCED of $162,984 at June 30, 2023.

13. Defined Contribution Pension Plan

The District provides eligible employees future retirement benefits through the District's 403(b) Plan (the "Plan"). Employees of the District are eligible to participate in the Plan commencing on the date of their employment. Some employees are eligible to receive a match of employee contributions up to the qualifying amounts set forth in their Wage and Benefit Guidelines. Contributions are invested in tax deferred annuities hosted by a vendor from whom the District has obtained. The District's contributions for the years ended June 30, 2023, 2022 and 2021 were $98,792, $106,134 and $103,722, respectively. The related employee contributions were $105,529, $106,372 and $104,428 for the years ended June 30, 2023, 2022 and 2021, respectively.

14. Other Postemployment Benefit Plan

Plan Description

The District operates a single-employer retiree benefit plan ("the Plan") that provides health insurance to eligible employees and their spouses through the District's health insurance plan. There are 98 participants in the plan. Benefit and eligibility provisions are established through negotiations between the District and various unions representing District employees and are renegotiated at various times. The Plan does not issue a publicly available financial report.

Funding Policy

For the fiscal year 2023, the District will continue on a "pay-as-you-go" funding policy

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2023, and the total OPEB liability was determined by an actuarial valuation as of date. The components of the net OPEB liability of the District at year-end were as follows

Total OPEB liability	$ 522,448
Valuation Salary	$ 4,460,746
Total OPEB Liability as a % of eligible payroll	11.71%

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

14. Other Postemployment Benefit Plan (Continued)

The total OPEB liability was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Economic Assumptions:	
Discount Rate	3.80%
20-Year Municipal Bond Yield	3.80%
Inflation Rate	2.50%
Salary Increase	See sample rates
Medical Trend Rate	6.25% in 2022 grading to 5.00% over 5 years then to 4.00% over the next 48 years
Dental	N/A
Other Assumptions	
Mortality	Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale
Withdrawal Retirement Disability Expenses	See sample rates See sample rates None Assumed paid outside of Plan
Percent Married	Current Retirees: Actual retiree/spouse elections used. Future Retirees: Males 85%, Females 65%
Age Difference	Actual spouse birthdate for current retirees (if provided). For all others, males assumed to be 3 years older than females.
Retiree Plan Participation	**Future Retirees Electing Coverage:** Pre-65 subsidy available: 80% Pre-65 subsidy not available: 30%
Percent of Married Retirees Electing Spouse Coverage	**Percent Future Retirees Electing Pre-65 Spouse Coverage:** Spouse subsidy available: 10% Spouse subsidy not available: 10%
Benefits Not Included	Kenyon-Wanamingo Schools provides access to life insurance during retirement. However, the implicit rate liability is not significant for life insurance and has not been included in this valuation.

The following changes in OPEB actuarial assumptions were changed during fiscal year 2023:

- The inflation rate was changed from 2.00% to 2.50%.
- The discount rate was changed from 2.10% to 3.80%.

14. Other Postemployment Benefit Plan (Continued)

Changes in Net OPEB Liability

		Total OPEB Liability (a)
Beginning Balance 7/1/2022	$	546,321
Changes for the Year		
Service Cost		39,950
Interest		11,989
Assumption Changes		(44,933)
Differences between Expected and Actual Experience		
Benefit Payments		(30,879)
Net Changes		(23,873)
Balance End of Year 6/30/2023	$	522,448

Net OPEB Liability Sensitivity to Discount and Health-Care 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 one percentage point lower or on percentage point higher than the current discount rate:

		Total OPEB Liability (a)
1% decrease in Discount Rate (2.80%)	$	555,016
Current Discount Rate (3.80%)		522,448
1% increase in Discount Rate (4.80%)		490,723

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 healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

		Total OPEB Liability (a)
1% decrease in Trend Rates	$	481,449
Current Trend Rates		522,448
1% increase in Trend Rates		570,962

14. Other Postemployment Benefit Plan (Continued)

OPEB Related Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability losses (gains)	$	$ 94,334
Changes in actuarial assumptions	11,212	91,800
Contributions paid to OPEB subsequent to the measurement date	27,918	
Total	$ 39,130	$ 186,134

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

Year ending June 30:	Other Post - Employment Expense Amount
2024	$ (47,706)
2025	(47,702)
2026	(34,147)
2027	(37,879)
2028	(7,488)

15. Tax Abatement

The District may enter into tax abatement agreements as authorized by Minnesota Abatement Laws under State Statutes Sections 469.1812, 469.1813 and 469.1815. Any parcel of property in the District qualifies for tax abatement. The District negotiates tax abatement agreements on an individual basis generally with the purpose of adding employment or increasing the tax capacity of the parcel. The District has made no commitments, other than tax abatements, under the agreements. The taxpayer submits property taxes annual and is reimbursed by the District for the abatement amount if the taxpayer has filed reports substantiating that it has met the agreements. The District had the following tax abatement agreements as of June 30, 2023.

Property Tax Abatement

The District entered into a tax abatement in December 2018 for the purpose of construction and improvements to District parking lots and related work. Under the agreement, District property taxes not to exceed $741,410 or up to 10 years. The amount abated during fiscal year 2023 totaled $224.

INDEPENDENT SCHOOL DISTRICT #2172
WANAMINGO, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2023

INDEPENDENT SCHOOL DISTRICT #2172
WANAMINGO, MINNESOTA

Schedule of Changes in the District's Total OPEB
Liability and Related Ratios

Total OPEB Liability

	2023	2022	2021	2020	2019	2018
Service cost	$ 39,950	$ 48,989	$ 64,609	$ 57,374	$ 61,679	$ 59,883
Interest cost	11,989	17,482	20,791	23,416	21,589	19,737
Assumption changes	(44,933)	(66,383)	22,426	(30,309)		
Plan changes				8,554		
Differences between expected and actual experiences		(115,977)		(51,053)		
Benefit payments	(30,879)	(34,224)	(34,640)	(31,846)	(18,757)	(35,028)
Net change in total OPEB liability	(23,873)	(150,113)	73,186	(23,864)	64,511	44,592
Total OPEB Liability - beginning of year	546,321	696,434	623,248	647,112	582,601	538,009
Total OPEB Liability - end of year	$ 522,448	$ 546,321	$ 696,434	$ 623,248	$ 647,112	$ 582,601
Total OPEB Liability - End of Year	$ 522,448	$ 546,321	$ 696,434	$ 623,248	$ 647,112	$ 582,601
Covered - Employee payroll	$ 4,460,746	$ 4,330,821	$ 4,610,237	$ 4,475,958	$ 4,373,091	$ 4,373,091
Total OPEB Liability as a Percentage of covered employee payroll	11.71%	12.61%	15.11%	13.92%	14.80%	13.32%

INDEPENDENT SCHOOL DISTRICT #2172
WANAMINGO, MINNESOTA

Schedule of District's Contributions
General Employees Retirement Funds
Last Ten Years (presented prospectively)

Fiscal Year Ended June 30	Pension Plan	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Payroll (b/c)
2015	PERA	$ 79,567	$ 79,567	$	1,121,491	7.09%
2016	PERA	81,428	81,428		1,131,300	7.20%
2017	PERA	85,587	85,587		1,190,897	7.19%
2018	PERA	85,616	85,616		1,141,547	7.50%
2019	PERA	94,647	94,647		1,261,960	7.50%
2020	PERA	94,614	94,614		1,261,520	7.50%
2021	PERA	104,858	104,858		1,398,107	7.50%
2022	PERA	104,638	104,638		1,395,173	7.50%
2023	PERA	101,652	101,652		1,355,360	7.50%
2024						

Schedule of District's Contributions
TRA Retirement Funds
Last Ten Years (presented prospectively)

Fiscal Year Ended June 30	Pension Plan	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Payroll (b/c)
2015	TRA	$ 226,667	$ 226,667	$	3,092,358	7.33%
2016	TRA	249,835	249,835		3,406,442	7.33%
2017	TRA	275,446	275,446		3,735,018	7.37%
2018	TRA	273,949	273,949		3,652,653	7.50%
2019	TRA	271,304	271,304		3,617,387	7.50%
2020	TRA	287,617	287,617		3,730,441	7.71%
2021	TRA	291,802	291,802		3,684,369	7.92%
2022	TRA	291,221	291,221		3,582,054	8.13%
2023	TRA	305,412	305,412		3,662,014	8.34%
2024						

INDEPENDENT SCHOOL DISTRICT #2172
WANAMINGO, MINNESOTA

Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability
PERA General Employees Retirement Fund
Last Ten Years (presented prospectively)

Fiscal Year Ended June 30	District's Portion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset) (a)	District's Proportionate Share of State of Minnesota's Proportionate Share of the Net Pension Liability (b)	Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension Liability (a+b)	Covered Payroll (c)	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0210%	$ 986,475	$	$ 986,475	$ 1,121,491	88%	78.70%
2015	0.0184%	953,583		953,583	1,131,300	84%	78.20%
2016	0.0181%	1,469,630		1,469,630	1,190,897	123%	68.90%
2017	0.0177%	1,129,956	14,224	1,144,180	1,141,547	99%	75.90%
2018	0.0188%	1,042,947	34,181	1,077,128	1,261,960	83%	79.53%
2019	0.0178%	984,122	30,665	1,014,787	1,261,520	78%	80.23%
2020	0.0196%	1,175,110	36,228	1,211,338	1,398,107	84%	79.06%
2021	0.0194%	828,467	25,309	853,776	1,395,173	59%	87.00%
2022	0.0181%	1,433,526	41,958	1,475,484	1,355,360	106%	76.70%
2023							

Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability
TRA
Last Ten Years (presented prospectively)

Fiscal Year Ended June 30	District's Portion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset) (a)	District's Proportionate Share of State of Minnesota's Proportionate Share of the Net Pension Liability (b)	Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension Liability (a+b)	Covered Payroll (c)	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0654%	$ 3,013,585	$ 211,999	$ 3,225,584	$ 3,027,294	100%	81.50%
2015	0.0596%	3,686,849	452,156	4,139,005	3,092,358	119%	76.80%
2016	0.0634%	15,122,413	1,518,685	16,641,098	3,406,442	444%	44.90%
2017	0.0679%	13,554,072	1,310,868	14,864,940	3,652,653	371%	51.57%
2018	0.0655%	4,112,398	386,232	4,498,630	3,617,387	114%	78.07%
2019	0.0657%	4,187,732	370,528	4,558,260	3,730,441	112%	78.07%
2020	0.0634%	4,684,077	392,464	5,076,541	3,684,369	127%	75.48%
2021	0.0599%	2,621,403	221,250	2,842,653	3,582,054	73%	86.63%
2022	0.0592%	4,740,423	351,598	5,092,021	3,662,014	129%	76.17%
2023							

INDEPENDENT SCHOOL DISTRICT #2172
WANAMINGO, MINNESOTA

SUPPLEMENTARY INFORMATION

JUNE 30, 2023

INDEPENDENT SCHOOL DISTRICT #2172
WANAMINGO, MINNESOTA
COMPARATIVE BALANCE SHEET
GENERAL FUND
June 30, 2023 and 2022

	2023	2022
Assets		
Cash and investments	$ 539,943	$ 537,237
Current property taxes receivable	822,832	846,993
Delinquent property taxes receivable	8,981	9,325
Accounts receivable	5,609	17,222
Due from other Minnesota school districts	130,287	164,459
Due from Minnesota Department of Education	583,653	311,420
Due from Federal through Minnesota Department of Education	145,354	614,511
Prepaid items	28,678	39,155
TOTAL ASSETS	$ 2,265,337	$ 2,540,322
Liabilities		
Accounts payable	$ 46,354	$ 106,824
Salaries and accrued liabilities payable	642,188	650,712
Due to other Minnesota school districts	168,903	170,904
Due to other governmental units	12,334	217
Interest payable	34,630	2,083
General obligation aid anticipation certificate	1,500,000	1,000,000
TOTAL LIABILITIES	2,404,409	1,930,740
Deferred Inflows of Resources		
Unavailable revenue		
Delinquent property taxes	8,981	9,325
Taxes levied for subsequent year	1,522,112	1,550,857
TOTAL DEFERRED INFLOWS OF RESOURCES	1,531,093	1,560,182
Fund Balances		
Nonspendable	28,678	39,155
Restricted	126,140	71,182
Unassigned	(1,824,983)	(1,060,937)
TOTAL FUND BALANCES	(1,670,165)	(950,600)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 2,265,337	$ 2,540,322

INDEPENDENT SCHOOL DISTRICT #2172
WANAMINGO, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2023
With Partial Comparative Data for the Year Ended June 30, 2022

	Budgeted Amounts		2023	Over (Under)	2022
	Original	Final	Actual	Final Budget	Actual
Revenues					
Local sources:					
Property tax levies	$ 1,799,663	$ 1,148,602	$ 1,158,059	$ 9,457	$ 1,173,790
Investment income		1,100	5,992	4,892	1,151
State sources	604,467	703,770	703,670	(100)	636,933
TOTAL REVENUES	2,404,130	1,853,472	1,867,721	14,249	1,811,874
Expenditures					
Debt Service:					
Principal	1,687,056	1,686,000	1,337,056	(348,944)	1,233,823
Interest and fiscal charges	520,034	523,750	537,534	13,784	580,669
TOTAL EXPENDITURES	2,207,090	2,209,750	1,874,590	(335,160)	1,814,492
NET CHANGE IN FUND BALANCES	197,040	(356,278)	(6,869)	349,409	(2,618)
FUND BALANCE - BEGINNING	(125,302)	(125,302)	(125,302)		(122,684)
FUND BALANCE - ENDING	$ 71,738	$ (481,580)	$ (132,171)	$ 349,409	$ (125,302)

INDEPENDENT SCHOOL DISTRICT #2172
WANAMINGO, MINNESOTA
SUPPLEMENTAL COST SCHEDULES
For the Fiscal Years Ended June 30, 2023 and 2022
(Unaudited)

Fiscal Year Ended June 30, 2023	2022 - 2023 Expenditures	Cost Per Adjusted Average Daily Membership (All Funds)
District and school administration	$ 721,281	$ 1,093
District support services	612,028	927
Regular instruction	4,735,654	7,173
Vocational instruction	167,593	254
Special education	1,674,493	2,536
Community education and services	559,407	847
Instructional support services	175,374	266
Pupil support services	955,628	1,448
Site, buildings, and equipment	1,306,964	1,980
Food service	514,141	779
Fiscal and other fixed cost programs	141,380	214
TOTALS	$ 11,563,943	$ 17,516

2022-2023 Adjusted Average Daily Membership - 660.18

- Expenditures exclude payments for building construction

Fiscal Year Ended June 30, 2022	2021 - 2022 Expenditures	Cost Per Adjusted Average Daily Membership (All Funds)
District and school administration	$ 642,218	$ 953
District support services	585,053	869
Regular instruction	4,473,328	6,641
Vocational instruction	220,456	327
Special education	1,509,237	2,241
Community education and services	500,138	742
Instructional support services	191,626	284
Pupil support services	1,163,205	1,727
Site, buildings, and equipment	1,216,729	1,806
Food service	498,771	740
Fiscal and other fixed cost programs	75,273	112
TOTALS	$ 11,076,034	$ 16,443

2021-2022 Adjusted Average Daily Membership - 673.61

- Expenditures exclude payments for building construction

INDEPENDENT SCHOOL DISTRICT #2172
WANAMINGO, MINNESOTA

TAX LEVY HISTORY

	22 Pay 23 Fiscal 24	21 Pay 22 Fiscal 23	20 Pay 21 Fiscal 22	19 Pay 20 Fiscal 21	18 Pay 19 Fiscal 20
Tax Levy*					
General	$ 1,708,564	$ 1,711,675	$ 1,235,398	$ 1,174,144	$ 1,193,758
Community Service	115,340	125,832	130,291	121,661	117,714
Debt Redemption (Net)	1,679,958	1,799,663	1,751,711	1,767,965	1,711,752
TOTAL TAX LEVY	$ 3,503,862	$ 3,637,170	$ 3,117,400	$ 3,063,770	$ 3,023,224

* The tax levy includes property tax apportionments from Dodge, Goodhue, Rice, and Steele counties and state aid credits from the State of Minnesota.

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INDEPENDENT SCHOOL DISTRICT #2172
WANAMINGO, MINNESOTA

OTHER REQUIRED REPORTS

JUNE 30, 2023

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SmithSchafer

Members of American Institute of CPAs, Private
Companies Practice Section, Minnesota Society of CPAs

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

To the Board of Education
Independent School District #2172
Wanamingo, Minnesota

We have audited, in accordance with the 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 (*Government Auditing Standards*), and the provisions of the *Minnesota Legal Compliance Audit Guide for School Districts* promulgated by the Legal Compliance Task Force pursuant to Minnesota Statutes Section 6.65, 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 financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated November 15, 2023.

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) to determine the 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 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 the attention of those charged with governance.

Our consideration of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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*.

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 and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards for school districts sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minn. Stat. § 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.

District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified during our audit and described in the accompanying schedule of findings and responses. The District's response was not subjected to the 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 communication is not suitable for any other purpose.

Smith, Schafer and Associates, Ltd.

Rochester, Minnesota
November 15, 2023

INDEPENDENT SCHOOL DISTRICT #2172
WANAMINGO, MINNESOTA

SCHEDULE OF FINDINGS

JUNE 30, 2023

INDEPENDENT SCHOOL DISTRICT #2172
WANAMINGO, MINNESOTA

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED June 30, 2023

FINDING 2022-001: SIGNED STATEMENT OF PURPOSE

CONDITION: In accordance with the Manual for Activity Fund Accounting (MAFA), each student activity must have a signed statement of purpose on file. Four student activity funds, Advance Biology, Class of 2023, SADD, and Student Council MS had no signed statement of purpose.

CURRENT STATUS: This finding did not reoccur in the current fiscal year.

FINDING 2022-002: NO ACTIVITY

CONDITION: In accordance with the Manual for Activity Fund Accounting (MAFA), each student activity account must have activity during the year. Inactive student activity accounts must be closed in a timely manner. Three student activity funds, including Advanced Biology, SADD, and National Honor Society had no activity.

CURRENT STATUS: This finding did not reoccur in the current fiscal year.

INDEPENDENT SCHOOL DISTRICT #2172
WANAMINGO, MINNESOTA

COMPLIANCE TABLE

JUNE 30, 2023

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Fiscal Compliance Report - 6/30/2023
District: KENYON-WANAMINGO (2172-1)

01 GENERAL FUND

	Audit	UFARS	Audit - UFARS
Total Revenue	$9,770,830	$9,770,825	$5
Total Expenditures	$10,490,395	$10,490,391	$4
Non Spendable:			
4.60 Non Spendable Fund Balance	$28,678	$28,678	$0
Restricted / Reserved:			
4.01 Student Activities	$18,041	$18,041	$0
4.02 Scholarships	$41,748	$41,748	$0
4.03 Staff Development	$121	$121	$0
4.07 Capital Projects Levy	$0	$0	$0
4.08 Cooperative Revenue	$0	$0	$0
4.13 Funded by COP/FP	$0	$0	$0
4.14 Operating Debt	$0	$0	$0
4.16 Levy Reduction	$0	$0	$0
4.17 Taconite Building Maint	$0	$0	$0
4.24 Operating Capital	$66,230	$66,230	$0
4.26 $25 Taconite	$0	$0	$0
4.27 Disabled Accessibility	$0	$0	$0
4.28 Learning & Development	$0	$0	$0
4.34 Area Learning Center	$0	$0	$0
4.35 Contracted Alt. Programs	$0	$0	$0
4.36 State Approved Alt. Program	$0	$0	$0
4.38 Gifted & Talented	$0	$0	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.41 Basic Skills Programs	$0	$0	$0
4.48 Achievement and Integration	$0	$0	$0
4.49 Safe Schools Levy	$0	$0	$0
4.51 QZAB Payments	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
4.53 Unfunded Sev & Retiremt Levy	$0	$0	$0
4.59 Basic Skills Extended Time	$0	$0	$0
4.67 LTFM	($191,150)	($191,150)	$0
4.72 Medical Assistance	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
4.75 Title VII Impact Aid	$0	$0	$0
4.76 Payments in Lieu of Taxes	$0	$0	$0
Committed:			
4.18 Committed for Separation	$0	$0	$0
4.61 Committed Fund Balance	$0	$0	$0
Assigned:			
4.62 Assigned Fund Balance	$0	$0	$0
Unassigned:			
4.22 Unassigned Fund Balance	($1,633,833)	($1,633,833)	$0

02 FOOD SERVICES

	Audit	UFARS	Audit - UFARS
Total Revenue	$514,314	$514,315	($1)
Total Expenditures	$514,141	$514,142	($1)
Non Spendable:			
4.60 Non Spendable Fund Balance	$1,255	$1,255	$0
Restricted / Reserved:			
4.52 OPEB Liab Not In Trust	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$82,592	$82,592	$0
Unassigned:			
4.63 Unassigned Fund Balancee	$0	$0	$0

04 COMMUNITY SERVICE

	Audit	UFARS	Audit - UFARS
Total Revenue	$542,124	$542,124	$0
Total Expenditures	$559,407	$559,404	$3
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.26 $25 Taconite	$0	$0	$0
4.31 Community Education	$73,214	$73,214	$0
4.32 E.C.F.E	$15,201	$15,201	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.44 School Readiness	($107,107)	($107,106)	($1)
4.47 Adult Basic Education	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$51,255	$51,255	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

06 BUILDING CONSTRUCTION

	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.07 Capital Projects Levy	$0	$0	$0
4.13 Funded by COP/FP	$0	$0	$0
4.67 LTFM	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

07 DEBT SERVICE

	Audit	UFARS	Audit - UFARS
Total Revenue	$1,867,721	$1,867,721	$0
Total Expenditures	$1,874,590	$1,874,590	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.25 Bond Refundings	$0	$0	$0
4.33 Maximum Effort Loan Aid	$0	$0	$0
4.51 QZAB Payments	$0	$0	$0
4.67 LTFM	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
Unassigned:			
4.63 Unassigned Fund Balance	($132,171)	($132,171)	$0

08 TRUST

	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Restricted / Reserved:			
4.01 Student Activities	$0	$0	$0
4.02 Scholarships	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0

18 CUSTODIAL

	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Restricted / Reserved:			
4.01 Student Activities	$0	$0	$0
4.02 Scholarships	$0	$0	$0
4.48 Achievement and Integration	$0	$0	$0
4.64 Restricted Fund Balance	$0	$0	$0

20 INTERNAL SERVICE

	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0

25 OPEB REVOCABLE TRUST

	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0

45 OPEB IRREVOCABLE TRUST

	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0

47 OPEB DEBT SERVICE

	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted:			
4.25 Bond Refundings	$0	$0	$0
4.64 Restricted Fund Balance	$0	$0	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0