INDEPENDENT SCHOOL DISTRICT NO. 283
ST. LOUIS PARK, MINNESOTA

Financial Statements and
Supplementary Information

Year Ended
June 30, 2023

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INDEPENDENT SCHOOL DISTRICT NO. 283

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INTRODUCTORY SECTION

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INDEPENDENT SCHOOL DISTRICT NO. 283

School Board and Superintendent's Cabinet
As of June 30, 2023

SCHOOL BOARD

	Position
Anne Casey	Chairperson
Heather Wilsey	Vice Chairperson
Kenneth Morrison	Treasurer
C. Colin Cox	Clerk
Sarah Davis	Director
Abdihakim Ibrahim	Director
Virginia Mancini	Director

SUPERINTENDENT'S CABINET

Astein Osei	Superintendent
Patricia Magnuson	Director of Business Services
Tami Reynolds	Director of Student Services
Richard Kreyer	Director of Human Resources
Dr. Patrick Duffy	Director of Curriculum and Instruction
Patrice Howard	Director of Community Education
Rachel Hicks	Director of Communications and Community Relations
Tom Marble, CETL	Director of Information Services
Andrew Ewald	Director of Athletics
Freida Bailey	Principal on Special Assignment
Silvy Lafayette	Director of Assessment, Research, and Evaluation

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FINANCIAL SECTION

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MMKR
CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Independent School District No. 283
St. Louis Park, Minnesota

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINIONS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Independent School District No. 283 (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

BASIS FOR OPINIONS

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

EMPHASIS OF MATTER

Change in Accounting Principle

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

(continued)

Malloy, Montague, Karnowski, Radosevich & Co., P.A.
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RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

(continued)

REQUIRED SUPPLEMENTARY INFORMATION

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

SUPPLEMENTARY INFORMATION

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

OTHER INFORMATION

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

PRIOR YEAR COMPARATIVE INFORMATION

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

(continued)

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota
February 9, 2024

As management of Independent School District No. 283 (the District), we have provided readers of the District's financial statements with this narrative overview and analysis of the District's financial activities during the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the other components of the District's financial statements.

FINANCIAL HIGHLIGHTS

- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2023 by $2,374,338 (deficit net position). Government-wide revenues totaled $101,914,638, and expenses were $92,666,520. As a result, the District's change in net position increased by $9,248,118 during the fiscal year ended June 30, 2023.

- The District reported two prior period adjustments related to accounting for capital assets and the reporting of assets held as a custodian for others increasing net position by $670,029.

- The District's General Fund, its primary operating fund, ended the most recent fiscal year with a total fund balance of $12,058,389, a decrease of $3,061,785 from the prior year. The unrestricted portion of the year-end fund balance (assigned and unassigned) was $6,231,719, which represents 8.1 percent of annual General Fund expenditures based on fiscal 2023 expenditure levels. The unassigned fund balance, including assigned for subsequent year's budget, was 8.4 percent of General Fund noncategorical expenditures and is above the District's policy for year-end minimum amounts of unassigned fund balance of 6.0 percent.

- The District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, which did not change the beginning net position. This change is further described in Note 1 of the notes to basic financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual financial statements consists of the following parts:

- Independent Auditor's Report;

- Management's discussion and analysis;

- Basic financial statements, including the government-wide financial statements, fund financial statements, and the notes to basic financial statements;

- Required supplementary information; and

- Supplementary information consisting of combining and individual fund statements and schedules.

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

- Over time, increases or decreases in the District's net position are indicators of whether its financial position is improving or deteriorating, respectively.

- To assess the overall health of the District requires consideration of additional nonfinancial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

FUND FINANCIAL STATEMENTS

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

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

The District maintains the following kinds of funds:

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

Proprietary Funds – The District maintains one type of proprietary fund. Internal service funds are used as an accounting device to accumulate and allocate costs internally among the District's various functions. The District uses its internal service funds to account for its self-insured dental plan, self-insured medical plan, and its other post-employment benefits (OPEB) obligations financed by an OPEB Revocable Trust Fund. These services have been included within governmental activities in the government-wide financial statements. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail.

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

Table 1
Summary of Net Position
as of June 30, 2023 and 2022

	2023	2022
Assets		
Current and other assets	$ 206,861,384	$ 64,250,958
Capital assets, net of depreciation/amortization	175,701,118	167,646,047
Total assets	$ 382,562,502	$ 231,897,005
Deferred outflows of resources		
Pension plan deferments	$ 20,624,617	$ 18,886,811
Single-employer pension plan deferments	539,145	555,946
OPEB plan deferments	1,559,264	829,399
Total deferred outflows of resources	$ 22,723,026	$ 20,272,156
Liabilities		
Current and other liabilities	$ 17,600,193	$ 7,086,600
Long-term liabilities, including due within one year	338,572,243	174,859,165
Total liabilities	$ 356,172,436	$ 181,945,765
Deferred inflows of resources		
Property taxes levied for subsequent year	$ 39,329,488	$ 31,436,300
Pension plan deferments	10,416,313	49,916,819
Single-employer pension plan deferments	565,294	152,428
OPEB plan deferments	1,176,335	1,010,334
Total deferred inflows of resources	$ 51,487,430	$ 82,515,881
Net position		
Net investment in capital assets	$ 46,735,381	$ 42,240,300
Restricted	7,313,548	8,454,783
Unrestricted	(56,423,267)	(62,987,568)
Total net position	$ (2,374,338)	$ (12,292,485)

The District's financial position is the product of many factors. For example, the determination of the District's net investment in capital assets involves many assumptions and estimates, such as depreciation/amortization estimates and capitalization policies. Another major factor in determining net position is the inclusion of liabilities for long-term compensated absences, severance, OPEB, and pension benefits, which are not included in fund balances.

Total net position increased by $9,918,147 in 2023. The changes in the District's proportionate share of the state-wide pension plans contributed to the increase in unrestricted net position, the changes in deferred inflows and outflows of resources, and the change in long-term liabilities. The issuance of bonds for building construction contributed to the increases in current and other assets and long-term liabilities in the current year. The increase in capital assets relates to the use of bond proceeds for building construction in the current year. The increase in current and other liabilities relates to the timing of the payment on salaries payable and increased payables in the Capital Projects – Building Construction Fund in the current year. The increase on property taxes levied for subsequent year relates to an increase in the fiscal 2024 levy. The increase in net investment in capital assets mostly relates to payments on debt being greater than depreciation/amortization on capital assets they financed.

Table 2 presents a condensed version of the change in net position of the District:

Table 2
Change in Net Position
for the Years Ended June 30, 2023 and 2022

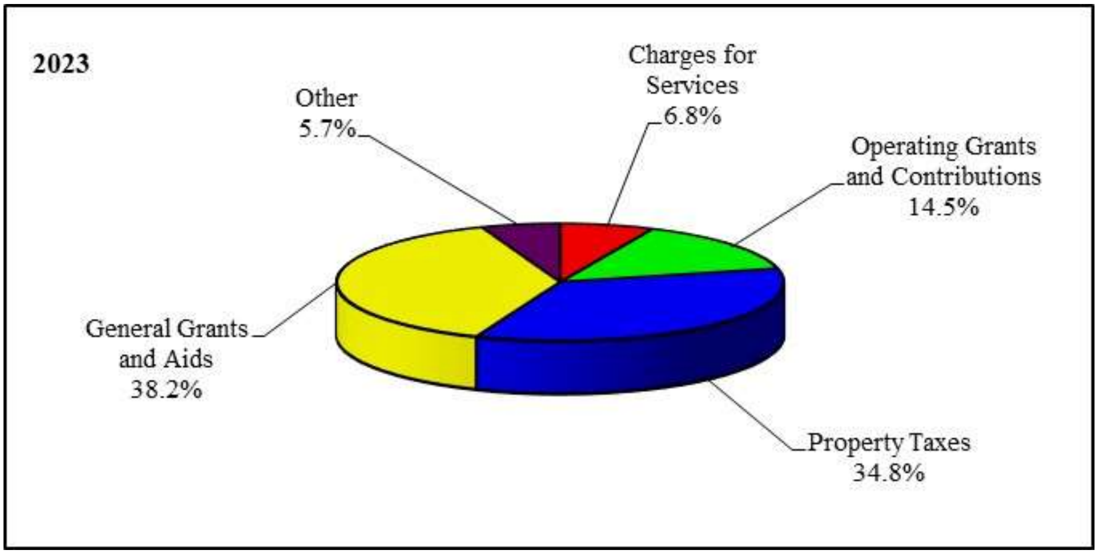
	2023	2022
Revenues		
Program revenues		
Charges for services	$ 6,884,030	$ 5,694,719
Operating grants and contributions	14,834,075	16,340,857
General revenues		
Property taxes	35,457,216	33,574,152
General grants and aids	38,916,479	41,801,976
Other	5,822,838	275,976
Total revenues	101,914,638	97,687,680
Expenses		
Administration	2,454,741	2,588,977
District support services	5,805,951	5,252,628
Elementary and secondary regular instruction	27,104,491	32,192,722
Vocational education instruction	463,611	572,398
Special education instruction	11,445,266	11,776,054
Instructional support services	4,057,532	4,451,285
Pupil support services	7,520,609	8,497,173
Sites and buildings	9,780,086	5,803,661
Fiscal and other fixed cost programs	525,733	414,162
Food service	2,334,225	1,997,953
Community service	7,508,359	7,057,386
Unallocated depreciation/amortization	5,254,797	3,849,116
Interest and fiscal charges	8,411,119	4,409,693
Total expenses	92,666,520	88,863,208
Change in net position	9,248,118	8,824,472
Net position – beginning, as previously reported	(12,292,485)	(21,116,957)
Prior period adjustments	670,029	–
Net position – beginning, as restated	(11,622,456)	(21,116,957)
Net position – ending	$ (2,374,338)	$ (12,292,485)

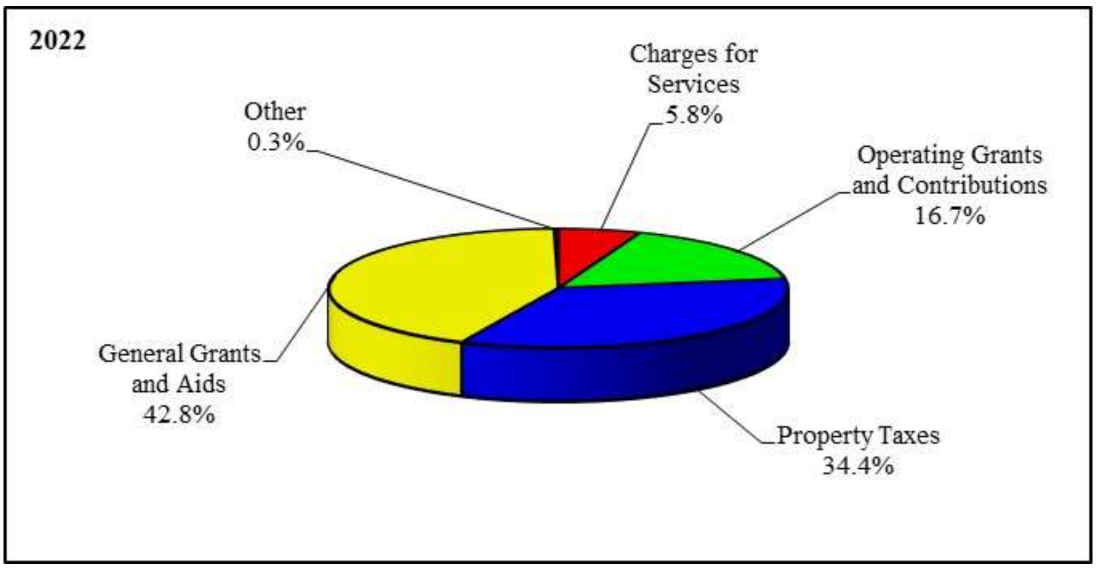
This table is presented on an accrual basis of accounting, and includes all governmental activities of the District. This statement includes depreciation/amortization expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

Total revenues for fiscal year 2023 were $4,226,958 higher than last year, mainly due to an increase in investment earnings, due to an increase in cash balances in the Capital Projects – Building Construction Fund and an improvement in market performance. Total expenses increased $3,803,312, compared to fiscal year 2022 levels. Elementary and secondary regular instruction expenses decreased, due to a decrease in expenses from the District's proportionate share of the state-wide pension plans. Sites and buildings increased, related to capital spending activity that fell below the District's capitalization thresholds. Interest and fiscal charges increased as a result of the issuance of bonds in the current year.

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

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

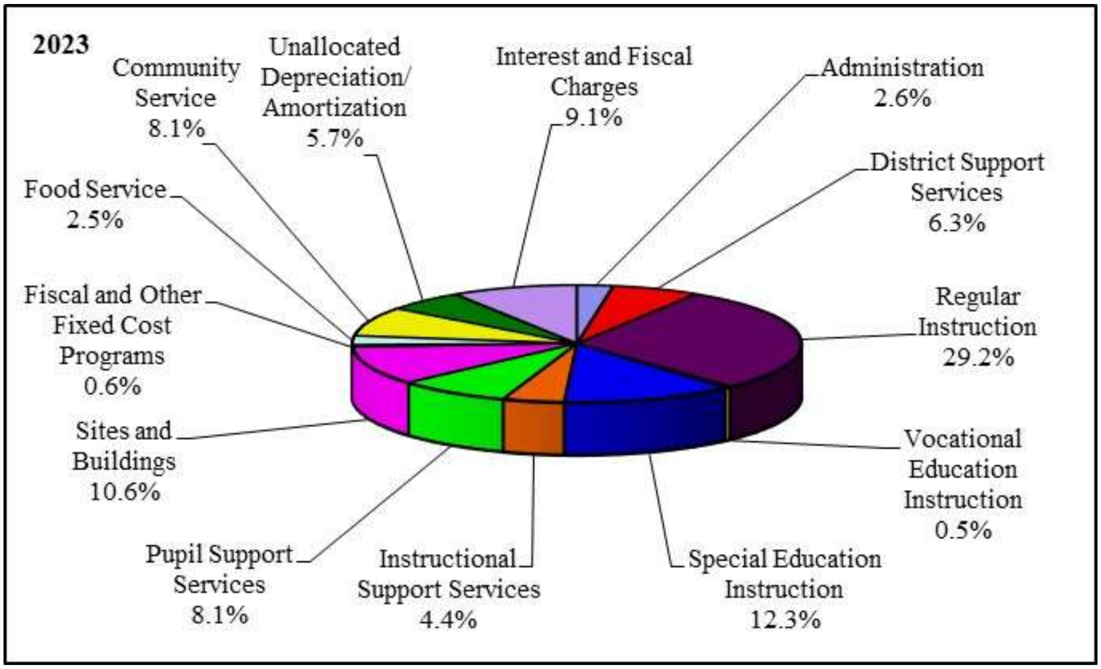


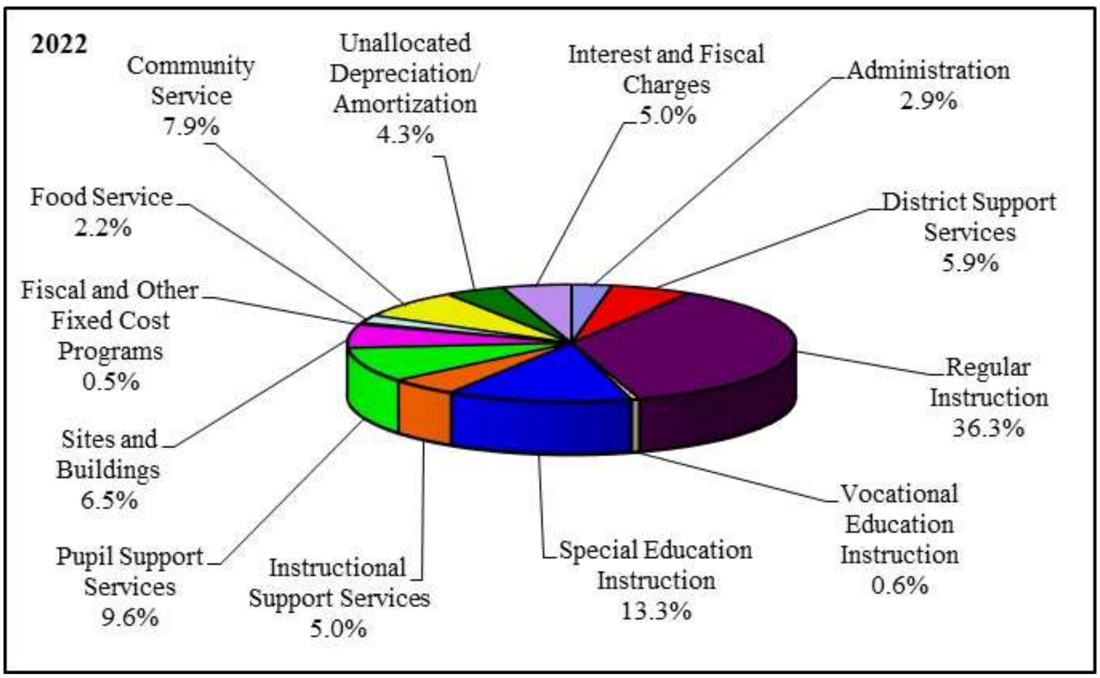


The largest share of the District's revenue is received from the state, including the general education aid formula and most of the operating grants. This significant reliance on the state for funding has placed pressure on local school districts, as a result of limited funding increases in recent years.

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

Figure B – Expenses for Fiscal Years 2023 and 2022





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

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Table 3
Governmental Fund Balances
as of June 30, 2023 and 2022

	2023	2022	Change
Major funds			
General	$ 12,058,389	$ 15,120,174	$ (3,061,785)
Capital Projects – Building Construction	133,585,189	4,841,408	128,743,781
Debt Service	2,685,104	2,248,540	436,564
Nonmajor funds			
Food Service Special Revenue	930,838	870,105	60,733
Community Service Special Revenue	603,683	12,801	590,882
Total governmental funds	$ 149,863,203	$ 23,093,028	$ 126,770,175

In 2023, the General Fund balance decreased $3,061,785 from the prior year. This compares to a final budget that anticipated a decline in fund balance of $2,785,555.

The Capital Projects – Building Construction Fund increased $128,743,781 from the prior year, due to the issuance of school building bonds during the fiscal year.

The Debt Service Fund increased $436,564, consistent with property tax levies and debt service payment schedules in this fund.

The increase in the Food Service Special Revenue Fund of $60,733 exceeded budgeted amounts by $55,766.

The Community Service Special Revenue Fund experienced a net change in fund balance increase of $487,370, which was $163,076 lower than budgeted amounts. The District also reported a prior period adjustment in this fund related to a change in the reporting of assets held as a custodian for others, increasing beginning fund balance by $103,512.

Analysis of the General Fund

Table 4 summarizes the amendments to the General Fund budget:

Table 4
General Fund
Budget

	Original Budget	Final Budget	Change	Percent Change
Revenue and other financing sources	$ 69,128,372	$ 69,663,672	$ 535,300	0.8%
Expenditures	$ 72,949,227	$ 72,449,227	$ (500,000)	(0.7%)

The District was required to adopt an operating budget prior to the beginning of its fiscal year, referred to above as the original budget. It is the District's practice to amend the General Fund budget during the year for known significant changes in circumstances, such as: updated enrollment estimates, legislation changes, new or additional funding, staffing changes, employee contract settlements, adjustments to health insurance premiums, special education tuition changes, or utility rate changes.

Table 5 summarizes the operating results of the General Fund:

Table 5
General Fund
Operating Results

		Over (Under) Final Budget		Over (Under) Prior Year	
	2023 Actual	Amount	Percent	Amount	Percent
Revenue	$ 73,722,424	$ 4,058,752	5.8%	$ (1,107,274)	(1.5%)
Expenditures	76,852,977	$ 4,403,750	6.1%	$ 154,496	0.2%
Other financing sources	68,768	$ 68,768	100.0%	$ (641,088)	(90.3%)
Net change in fund balances	$ (3,061,785)				

General Fund revenues exceeded budgeted amounts by $4,058,752. Federal revenues were over budget by $1,103,227. The majority of this variance was due to conservative budgeting and receiving additional grants not anticipated in the final budget. State aid revenue was higher than budget by $1,667,579, mainly in special education state aid. Other revenue exceeded budgeted amounts by $503,614, the result of conservative budgeting. Property taxes exceeded budgeted amounts by $420,613, the result of miscellaneous tax-related collections exceeding projections. Lastly, investment earnings exceeded budgeted amounts due to improved market conditions.

Expenditures were over budget by $4,403,750. This was mainly for purchased services, which exceeded budget by $2,965,768, mainly in elementary and secondary regular instruction for substitute teacher costs and pupil support services for transportation. Salaries exceeded budgeted amounts by $652,114, spread across multiple program areas, with the highest variance for special education services. Supplies and materials exceeded budgeted amounts by $558,298, mainly for sites and buildings related costs.

The decrease in 2023 actual revenues was due to federal revenue decreasing $4,244,177 as a result of the decline in available COVID-19 stimulus-related entitlements in the current year. Property taxes increased $1,701,443, the result of an increased levy and other tax-related collections in the current year. State aid revenue was $646,922 more than the prior year, mainly in special education state aid. Investment earnings were higher than the prior year by $546,666, due to improved market conditions.

Expenditure increases were mainly in benefits, which increased $935,292, the result of increased costs of health insurance due to fiscal 2022 being lower from a one-time change in charges by the District's Medical Self-Insurance Internal Service Fund. Capital expenditures were lower than the prior year by $704,017, due to the timing of projects.

Internal Service Funds

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

- **Dental Self-Insurance**

  Operating revenues for fiscal 2023 totaled $542,416, while expenses totaled $580,417. The net position as of June 30, 2023 was $435,109, which represents 75.0 percent of annual operating expenses of this fund.

- **Medical Self-Insurance**

  Operating revenues for fiscal 2023 totaled $9,325,172, while expenses totaled $8,240,988. The net position as of June 30, 2023 was $2,862,343, which represents 34.7 percent of annual operating expenses of this fund.

- **Other Post-Employment Benefits**

  Expenses in fiscal 2023 totaled $88,475. The net position as of June 30, 2023 was a deficit $3,145,914.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

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

Table 6
Capital Assets

	2023	2022	Change
Land	$ 7,812,500	$ 7,812,500	$ –
Construction in progress	9,949,221	1,749,484	8,199,737
Land improvements	264,344	264,344	–
Buildings and improvements	181,996,442	178,814,154	3,182,288
Furniture and equipment	58,225,906	56,496,107	1,729,799
Technology subscriptions	544,941	–	544,941
Buildings and improvements – leased	1,290,949	1,290,949	–
Furniture and equipment – leased	359,301	359,301	–
Less accumulated depreciation/amortization	(84,742,486)	(79,140,792)	(5,601,694)
Total	$ 175,701,118	$ 167,646,047	$ 8,055,071
Depreciation/amortization expense	$ 5,668,650	$ 4,163,706	$ 1,504,944

The increase in construction in progress is related to ongoing projects at year-end. The increase in buildings and improvements and furniture and equipment is related to capital spending for various improvement projects at district sites from the issuance of debt in fiscal 2018, 2020, and 2023. The increase in technology subscriptions is related to the implementation of GASB Statement No. 96, as previously mentioned. The increase in accumulated depreciation/amortization is related to the completion of capital projects over the past several years that are now placed into service.

Long-Term Liabilities

Table 7 shows the components of the District's long-term liabilities and the change from the prior year:

Table 7
Outstanding Long-Term Liabilities

	2023	2022	Change
General obligation bonds	$ 247,260,000	$ 118,895,000	$ 128,365,000
Unamortized premiums	13,366,824	9,257,992	4,108,832
Financed purchases	406,898	673,679	(266,781)
Lease liabilities	1,179,051	1,420,484	(241,433)
Subscription liabilities	338,153	–	338,153
Net pension liability	62,984,021	31,076,711	31,907,310
Single-employer pension liability	3,344,391	3,939,628	(595,237)
Total OPEB liability	5,512,598	5,067,292	445,306
Compensated absences	873,624	756,387	117,237
Severance benefits	3,306,683	3,771,992	(465,309)
Total	$ 338,572,243	$ 174,859,165	$ 163,713,078

The increase in general obligation bonds and unamortized premiums, as shown in Table 7, is related to the issuance of school building bonds in the current year. The change in subscription liabilities is related to the implementation of GASB Statement No. 96. The change in net pension liability is related to changes in the District's proportionate share of the state-wide pension plans.

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

Table 8
Limitations on Debt

District's market value	$ 8,997,645,350
Limit rate	15.0%
Legal debt limit	$ 1,349,646,803

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

These financial statements are designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about these statements, or need additional financial information, contact the Business Office, Independent School District No. 283, 6300 Walker Street, St. Louis Park, Minnesota 55416.

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BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 283

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

	Governmental Activities	
	2023	2022
Assets		
Cash and temporary investments	$ 38,874,681	$ 27,910,631
Receivables		
Current taxes	22,207,056	16,604,638
Delinquent taxes	269,071	303,982
Accounts and interest	473,156	234,424
Due from fiduciary fund	121,444	–
Due from other governmental units	6,152,892	11,107,132
Inventory	46,091	21,496
Prepaid items	221,169	297,640
Restricted assets – temporarily restricted		
Cash and investments for building construction	133,503,293	5,443,047
Interest receivable for building construction	2,824,119	–
Cash and investments for OPEB	2,168,412	2,327,968
Capital assets		
Not depreciated	17,761,721	9,561,984
Depreciated, net of accumulated depreciation/amortization	157,939,397	158,084,063
Total capital assets, net of accumulated depreciation/amortization	175,701,118	167,646,047
Total assets	382,562,502	231,897,005
Deferred outflows of resources		
Pension plan deferments	20,624,617	18,886,811
Single-employer pension plan deferments	539,145	555,946
OPEB plan deferments	1,559,264	829,399
Total deferred outflows of resources	22,723,026	20,272,156
Total assets and deferred outflows of resources	$ 405,285,528	$ 252,169,161
Liabilities		
Salaries payable	$ 4,850,427	$ 673,288
Accounts and contracts payable	4,051,723	1,964,414
Accrued interest payable	5,679,994	1,970,613
Due to other governmental units	707,561	124,777
Severance payable	455,524	19,314
Unearned revenue	1,088,527	1,097,508
Claims incurred, but not reported	766,437	1,236,686
Long-term liabilities		
Due within one year	8,874,633	9,535,350
Due in more than one year	329,697,610	165,323,815
Total long-term liabilities	338,572,243	174,859,165
Total liabilities	356,172,436	181,945,765
Deferred inflows of resources		
Property taxes levied for subsequent year	39,329,488	31,436,300
Pension plan deferments	10,416,313	49,916,819
Single-employer pension plan deferments	565,294	152,428
OPEB plan deferments	1,176,335	1,010,334
Total deferred inflows of resources	51,487,430	82,515,881
Net position		
Net investment in capital assets	46,735,381	42,240,300
Restricted for		
Capital asset acquisition	4,255,628	4,769,907
Debt service	–	374,798
Food service	930,838	870,105
Community service	618,759	602,136
Other purposes (state funding restrictions)	1,508,323	1,837,837
Unrestricted	(56,423,267)	(62,987,568)
Total net position	(2,374,338)	(12,292,485)
Total liabilities, deferred inflows of resources, and net position	$ 405,285,528	$ 252,169,161

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 283

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

	2023				2022
		Program Revenues		Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Governmental Activities
Governmental activities					
Administration	$ 2,454,741	$ –	$ –	$ (2,454,741)	$ (2,588,977)
District support services	5,805,951	98,058	74,972	(5,632,921)	(5,102,773)
Elementary and secondary regular instruction	27,104,491	406,425	690,601	(26,007,465)	(30,954,402)
Vocational education instruction	463,611	–	–	(463,611)	(572,398)
Special education instruction	11,445,266	72,952	10,401,023	(971,291)	(2,872,837)
Instructional support services	4,057,532	–	–	(4,057,532)	(4,451,104)
Pupil support services	7,520,609	39,023	589,893	(6,891,693)	(6,101,068)
Sites and buildings	9,780,086	–	–	(9,780,086)	(5,803,661)
Fiscal and other fixed cost programs	525,733	–	–	(525,733)	(414,162)
Food service	2,334,225	789,659	1,549,818	5,252	905,131
Community service	7,508,359	5,477,913	1,527,768	(502,678)	(612,572)
Unallocated depreciation/amortization	5,254,797	–	–	(5,254,797)	(3,849,116)
Interest and fiscal charges	8,411,119	–	–	(8,411,119)	(4,409,693)
Total governmental activities	$ 92,666,520	$ 6,884,030	$ 14,834,075	(70,948,415)	(66,827,632)
	General revenue				
	Taxes				
	Property taxes, levied for general purposes			21,710,659	19,911,930
	Property taxes, levied for community service			1,040,697	1,014,578
	Property taxes, levied for debt service			12,705,860	12,647,644
	General grants and aids			38,916,479	41,801,976
	Other general revenues			729,675	354,546
	Investment earnings (charges)			5,093,163	(78,570)
	Total general revenues			80,196,533	75,652,104
	Change in net position			9,248,118	8,824,472
	Net position – beginning, as previously reported			(12,292,485)	(21,116,957)
	Prior period adjustments			670,029	–
	Net position – beginning, as restated			(11,622,456)	(21,116,957)
	Net position – ending			$ (2,374,338)	$ (12,292,485)

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

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Assets			
Cash and temporary investments	$ 20,709,102	$ –	$ 12,048,691
Cash and investments held for building construction	–	133,503,293	–
Receivables			
Current taxes	11,793,228	–	9,868,692
Delinquent taxes	174,779	–	85,344
Accounts and interest	124,384	3,024,254	–
Due from other governmental units	5,734,933	–	–
Due from other funds	328,227	–	–
Inventory	–	–	–
Prepaid items	62,719	–	–
Total assets	$ 38,927,372	$ 136,527,547	$ 22,002,727
Liabilities			
Salaries payable	$ 4,615,349	$ 40,945	$ –
Accounts and contracts payable	772,020	2,901,413	950
Due to other governmental units	703,194	–	–
Severance payable	455,524	–	–
Unearned revenue	916,099	–	–
Total liabilities	7,462,186	2,942,358	950
Deferred inflows of resources			
Property taxes levied for subsequent year	19,114,747	–	19,156,512
Unavailable revenue – delinquent taxes	292,050	–	160,161
Total deferred inflows of resources	19,406,797	–	19,316,673
Fund balances			
Nonspendable	62,719	–	–
Restricted	5,763,951	133,585,189	2,685,104
Assigned	1,174,285	–	–
Unassigned	5,057,434	–	–
Total fund balances	12,058,389	133,585,189	2,685,104
Total liabilities, deferred inflows of resources, and fund balances	$ 38,927,372	$ 136,527,547	$ 22,002,727

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds 2023	Total Governmental Funds 2022
$ 1,895,107	$ 34,652,900	$ 24,268,977
–	133,503,293	5,443,047
545,136	22,207,056	16,604,638
8,948	269,071	303,982
126,511	3,275,149	223,572
417,959	6,152,892	11,107,132
–	328,227	188,432
46,091	46,091	21,496
750	63,469	297,640
$ 3,040,502	$ 200,498,148	$ 58,458,916
$ 194,133	$ 4,850,427	$ 673,288
65,910	3,740,293	1,714,229
205	703,399	121,267
–	455,524	19,314
172,428	1,088,527	1,097,508
432,676	10,838,170	3,625,606
1,058,229	39,329,488	31,436,300
15,076	467,287	303,982
1,073,305	39,796,775	31,740,282
46,841	109,560	318,917
1,487,680	143,521,924	15,135,136
–	1,174,285	3,853,266
–	5,057,434	3,785,709
1,534,521	149,863,203	23,093,028
$ 3,040,502	$ 200,498,148	$ 58,458,916

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INDEPENDENT SCHOOL DISTRICT NO. 283

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

	2023	2022
Total fund balances – governmental funds	$ 149,863,203	$ 23,093,028
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	260,443,604	246,786,839
Accumulated depreciation/amortization	(84,742,486)	(79,140,792)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt issuance premiums are excluded from net position until amortized, but are included in fund balances upon issuance.		
General obligation bonds	(247,260,000)	(118,895,000)
Unamortized premiums	(13,366,824)	(9,257,992)
Financed purchases	(406,898)	(673,679)
Lease liabilities	(1,179,051)	(1,420,484)
Subscription liabilities	(338,153)	–
Net pension liabilities	(62,984,021)	(31,076,711)
Single-employer pension liability	(3,344,391)	(3,939,628)
Compensated absences	(873,624)	(756,387)
Severance benefits	(3,306,683)	(3,771,992)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	20,624,617	18,886,811
Deferred outflows of resources – single-employer pension plan deferments	539,145	555,946
Deferred inflows of resources – pension plan deferments	(10,416,313)	(49,916,819)
Deferred inflows of resources – single-employer pension plan deferments	(565,294)	(152,428)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in the governmental activities in the Statement of Net Position.	151,538	(946,566)
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.	(5,679,994)	(1,970,613)
Certain revenues (including delinquent property taxes) are included in net position, but are excluded from fund balances until they are available to liquidate liabilities of the current period.	467,287	303,982
Total net position – governmental activities	$ (2,374,338)	$ (12,292,485)

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 283

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

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Revenue			
Local sources			
Property taxes	$ 21,615,813	$ –	$ 12,642,570
Investment earnings (charges)	488,719	4,266,443	156,747
Other	1,245,214	31,704	–
State sources	47,149,379	–	–
Federal sources	3,223,299	–	4,781
Total revenue	73,722,424	4,298,147	12,804,098
Expenditures			
Current			
Administration	2,834,889	–	–
District support services	5,714,069	–	–
Elementary and secondary regular instruction	34,173,817	–	–
Vocational education instruction	612,344	–	–
Special education instruction	13,593,777	–	–
Instructional support services	4,422,279	–	–
Pupil support services	8,050,878	–	–
Sites and buildings	6,261,220	–	–
Fiscal and other fixed cost programs	550,162	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	–	15,770,301	–
Debt service			
Principal	563,235	–	7,635,000
Interest and fiscal charges	76,307	678,225	4,732,534
Total expenditures	76,852,977	16,448,526	12,367,534
Excess (deficiency) of revenue over expenditures	(3,130,553)	(12,150,379)	436,564
Other financing sources (uses)			
Bonds issued	–	136,000,000	–
Premium on bonds issued	–	4,894,160	–
Sale of assets	68,768	–	–
Transfers in	–	–	–
Transfers (out)	–	–	–
Total other financing sources (uses)	68,768	140,894,160	–
Net change in fund balances	(3,061,785)	128,743,781	436,564
Fund balances			
Beginning of year, as previously reported	15,120,174	4,841,408	2,248,540
Prior period adjustment	–	–	–
Beginning of year, as restated	15,120,174	4,841,408	2,248,540
End of year	$ 12,058,389	$ 133,585,189	$ 2,685,104

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds 2023	Total Governmental Funds 2022
$ 1,035,528	$ 35,293,911	$ 33,573,622
40,858	4,952,767	(27,300)
6,267,572	7,544,490	6,302,455
1,433,190	48,582,569	47,986,448
1,644,396	4,872,476	10,156,385
10,421,544	101,246,213	97,991,610
–	2,834,889	2,737,482
–	5,714,069	5,470,034
–	34,173,817	34,315,182
–	612,344	622,407
–	13,593,777	12,428,809
–	4,422,279	4,756,289
–	8,050,878	8,649,036
–	6,261,220	6,589,810
–	550,162	419,690
2,305,475	2,305,475	2,056,750
7,561,811	7,561,811	7,425,883
6,602	15,776,903	8,614,902
–	8,198,235	7,823,868
–	5,487,066	5,046,223
9,873,888	115,542,925	106,956,365
547,656	(14,296,712)	(8,964,755)
–	136,000,000	709,856
–	4,894,160	–
447	69,215	–
–	–	149,613
–	–	(149,613)
447	140,963,375	709,856
548,103	126,666,663	(8,254,899)
882,906	23,093,028	31,347,927
103,512	103,512	–
986,418	23,196,540	31,347,927
$ 1,534,521	$ 149,863,203	$ 23,093,028

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

	2023	2022
Total net change in fund balances – governmental funds	$126,666,663	$ (8,254,899)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation and amortization expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase. A gain or loss on disposal of capital assets is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.		
Capital outlays	12,764,030	9,759,851
Depreciation/amortization expense	(5,668,650)	(4,163,706)
A loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.	–	(678)
The amount of debt issued including the related premiums/discounts are reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
General obligation bonds	(136,000,000)	–
Unamortized premiums	(4,894,160)	
Financed purchases	–	(549,375)
Lease liabilities	–	(160,481)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.	1,098,104	278,935
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances. Debt issuance premiums are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance.		
General obligation bonds	7,635,000	7,180,000
Unamortized premiums	785,328	536,092
Financed purchases	266,781	414,102
Lease liabilities	241,433	229,766
Subscription liabilities	55,021	–
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Net pension liability	(31,907,310)	19,595,834
Single-employer pension liability	595,237	109,102
Compensated absences	(117,237)	40,209
Severance benefits	465,309	(234,487)
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.	(3,709,381)	100,438
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	1,737,806	(2,237,844)
Deferred outflows of resources – single-employer pension plan deferments	(16,801)	(74,367)
Deferred inflows of resources – pension plan deferments	39,500,506	(13,778,734)
Deferred inflows of resources – single-employer pension plan deferments	(412,866)	34,184
Deferred inflows of resources – unavailable revenue – delinquent taxes	163,305	530
Change in net position – governmental activities	$ 9,248,118	$ 8,824,472

See notes to basic financial statements

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INDEPENDENT SCHOOL DISTRICT NO. 283

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

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
Revenue				
Local sources				
Property taxes	$ 20,050,000	$ 21,195,200	$ 21,615,813	$ 420,613
Investment earnings	125,000	125,000	488,719	363,719
Other	741,600	741,600	1,245,214	503,614
State sources	46,091,700	45,481,800	47,149,379	1,667,579
Federal sources	2,120,072	2,120,072	3,223,299	1,103,227
Total revenue	69,128,372	69,663,672	73,722,424	4,058,752
Expenditures				
Current				
Administration	2,871,720	2,711,720	2,834,889	123,169
District support services	5,833,707	5,833,707	5,714,069	(119,638)
Elementary and secondary regular instruction	32,782,376	32,692,376	34,173,817	1,481,441
Vocational education instruction	555,606	555,606	612,344	56,738
Special education instruction	13,019,001	13,019,001	13,593,777	574,776
Instructional support services	4,547,273	4,547,273	4,422,279	(124,994)
Pupil support services	6,508,887	6,508,887	8,050,878	1,541,991
Sites and buildings	6,197,472	5,947,472	6,261,220	313,748
Fiscal and other fixed cost programs	552,000	552,000	550,162	(1,838)
Debt service				
Principal	81,185	81,185	563,235	482,050
Interest and fiscal charges	–	–	76,307	76,307
Total expenditures	72,949,227	72,449,227	76,852,977	4,403,750
Excess (deficiency) of revenue over expenditures	(3,820,855)	(2,785,555)	(3,130,553)	(344,998)
Other financing sources				
Sale of assets	–	–	68,768	68,768
Net change in fund balances	$ (3,820,855)	$ (2,785,555)	(3,061,785)	$ (276,230)
Fund balances				
Beginning of year			15,120,174	
End of year			$ 12,058,389	

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 283

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

	2023	2022
Assets		
Current assets		
Cash and temporary investments	$ 4,221,781	$ 3,641,654
Cash and investments – held by trustee	2,168,412	2,327,968
Accounts and interest receivable	22,126	10,852
Prepaid items	157,700	–
Total current assets	6,570,019	5,980,474
Deferred outflows of resources		
OPEB plan deferments	1,559,264	829,399
Liabilities		
Current liabilities		
Claims payable	311,430	250,185
Claims incurred, but not reported	766,437	1,236,686
Due to other governmental units	4,162	3,510
Due to other funds	206,783	188,432
Total OPEB liability – due within one year	613,345	328,232
Total current liabilities	1,902,157	2,007,045
Long-term liabilities		
Total OPEB liability – due in more than one year	4,899,253	4,739,060
Total liabilities	6,801,410	6,746,105
Deferred inflows of resources		
OPEB plan deferments	1,176,335	1,010,334
Net position		
Unrestricted	$ 151,538	$ (946,566)

INDEPENDENT SCHOOL DISTRICT NO. 283

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

	2023	2022
Operating revenue		
Contributions from governmental funds	$ 9,867,588	$ 10,236,601
Operating expenses		
Dental benefit claims	580,417	607,165
Medical benefit claims	8,240,988	9,210,345
OPEB	88,475	88,886
Total operating expenses	8,909,880	9,906,396
Operating income	957,708	330,205
Nonoperating revenue		
Investment earnings (charges)	140,396	(51,270)
Change in net position	1,098,104	278,935
Net position		
Beginning of year	(946,566)	(1,225,501)
End of year	$ 151,538	$ (946,566)

See notes to basic financial statements

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INDEPENDENT SCHOOL DISTRICT NO. 283

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

	2023	2022
Cash flows from operating activities		
Contributions from governmental funds	$ 9,867,588	$ 9,027,981
Payments for dental claims	(579,298)	(611,970)
Payments for medical claims	(8,808,159)	(8,463,630)
Payments for OPEB	(207,033)	(189,410)
Net cash flows from operating activities	273,098	(237,029)
Cash flows from noncapital financing activities		
Payments from (to) other funds	18,351	(198,918)
Cash flows from investing activities		
Investment income received (paid)	129,122	(48,712)
Net change in cash and cash equivalents	420,571	(484,659)
Cash and cash equivalents		
Beginning of year	5,969,622	6,454,281
End of year	$ 6,390,193	$ 5,969,622
Presented on Statement of Net Position as follows:		
Cash and temporary investments	$ 4,221,781	$ 3,641,654
Cash and investments – held by trustee	2,168,412	2,327,968
Total cash and cash equivalents	$ 6,390,193	$ 5,969,622
Reconciliation of operating income to net cash flows from operating activities		
Operating income	$ 957,708	$ 330,205
Adjustments to reconcile operating income to cash provided by operating activities		
Changes in assets, deferred inflows of resources, liabilities, and deferred outflows of resources		
Prepaid items	(157,700)	–
Deferred outflows of resources	(729,865)	(109,322)
Total OPEB liability	445,306	157,124
Claims payable	61,245	122,018
Unearned revenue	–	(1,208,620)
Deferred inflows of resources	166,001	(148,326)
Claims incurred, but not reported	(470,249)	619,725
Due to other governmental units	652	167
Net cash flows from operating activities	$ 273,098	$ (237,029)

See notes to basic financial statements

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

		Scholarship and Other Custodial Funds
Assets		
Accounts and interest receivable	$	165,468
Liabilities		
Due to other funds		121,444
Net position		
Restricted for scholarships and other custodial purposes	$	44,024

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

		Scholarship and Other Custodial Funds
Additions		
Contributions		
Private donations	$	356,231
Investment earnings		4,058
Total additions		360,289
Deductions		
Scholarships and other deductions		353,135
Change in net position		7,154
Net position		
Beginning of year, as previously reported		140,382
Prior period adjustment		(103,512)
Beginning of year, as restated		36,870
End of year	$	44,024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 283 (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District is governed by a seven-member School Board elected by the voters of the District. The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

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

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

C. Government-Wide Financial Statement Presentation

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

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

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

For capital assets that can be specifically identified with, or allocated to functional areas, depreciation/amortization expense is included as a direct expense in the functional areas that utilize the related capital assets. For capital assets that essentially serve all functional areas, depreciation/amortization expense is reported as "unallocated depreciation/amortization." Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

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

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

1. **Revenue Recognition** – Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District generally considers revenues, including property taxes, to be available if they are collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to Minnesota Statutes (which include state aid funding formulas for specific years) and accounting principles generally accepted in the United States of America. Proceeds of long-term debt and acquisitions using financed purchases, leases, and subscription-based information technology arrangements **(**SBITAs) are reported as other financing sources.

2. **Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and other long-term liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

Internal service funds are presented in the proprietary fund financial statements. Internal service funds account for the financing of goods or services provided by one department to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Funds

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

Major Governmental Funds

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

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

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

Nonmajor Governmental Funds

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

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

Proprietary Funds

Internal Service Funds – The District has established internal service funds to account for dental and medical benefits provided to employees as self-insured plans and OPEB Revocable Trust Fund activities.

Fiduciary Fund

Scholarship and Other Custodial Funds – The Scholarship and Other Custodial Funds is used to account for resources held in trust to be used by various other third parties to award scholarships to former students of the District and account for grants and donations made for specific purposes to these third parties.

E. Budgetary Information

The School Board adopts an annual budget for all governmental funds on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. Budgeted expenditure appropriations lapse at year-end. Actual expenditures exceeded budgeted amounts in the General Fund, Food Service Special Revenue Fund, Community Service Special Revenue Fund, and the Capital Projects – Building Construction Fund by $4,403,750, $307,950, $965,440, and $16,098,526, respectively. Revenues and other financing sources in excess of budget and available fund balance covered these variances.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Temporary Investments

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

Cash and investments held by trustee include balances held in segregated accounts established for specific purposes. In the Other Post-Employment Benefits Internal Service Fund, these assets represent amounts contributed to an irrevocable trust established to finance the District's liability for post-employment insurance benefits. Earnings from all trust fund investments are allocated directly to the respective funds.

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

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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

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

G. Receivables

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

H. Inventories

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

J. Property Taxes

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

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes $2,406,637 of the property tax levy collectible in 2023 as revenue to the District in fiscal year 2022–2023. The remaining portion of the taxes collectible in 2023 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

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

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

K. Capital Assets

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

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated/amortized using the straight-line method over their estimated useful lives. Since assets are generally sold for an immaterial amount or scrapped when declared as no longer fit or needed for public school purposes by the District, no salvage value is taken into consideration for depreciation/amortization purposes. Useful lives vary from 20 to 40 years for land improvements, buildings, and building improvements and 5 to 15 years for furniture and equipment. Leased assets are amortized over the term of the lease or over the useful life of the applicable asset class previously described if future ownership is anticipated. Technology subscriptions are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying information technology (IT) assets. Land and construction in progress are not depreciated/amortized.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Long-Term Obligations

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

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

M. Subscription-Based Information Technology Arrangements (SBITAs)

A SBITA is a contract that conveys control of the right to use another party's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The District has entered into certain technology subscriptions for education solutions and other purposes. Capital assets associated with SBITAs are presented separately from other capital assets in Note 3. SBITAs are reported in Note 4 to include the terms and related disclosures associated with any subscription liabilities.

N. Compensated Absences

Eligible employees accrue vacation and sick leave at varying rates as specified by contract, portions of which may be carried over to future years. Employees are reimbursed for any unused accrued vacation upon termination. Unused sick leave enters into the calculation of severance benefits for some employees upon termination. Compensated absences are accrued in the governmental fund financial statements only to the extent they have been used or otherwise matured prior to year-end. Unused vacation is accrued as it is earned in the government-wide financial statements.

O. Severance Benefits

The District provides lump sum severance benefits to eligible employees in accordance with provisions of certain collectively bargained contracts, calculated by converting a portion of an eligible employee's unused accumulated sick leave. Eligibility for these benefits is based on years of service and/or minimum age requirements. No individual can receive severance benefits that exceed one year's salary.

Severance pay based on convertible sick leave is recorded as a liability in the government-wide financial statements as it is earned and it becomes probable that it will vest at some point in the future. Severance pay is accrued in the governmental fund financial statements as the liability matures prior to year-end.

P. State-Wide Pension Plans

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Risk Management

1. **General Insurance** – The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which it carries commercial insurance. Settled claims exceeded commercial coverage in fiscal 2022 related to a legal settlement, but the District did not have claims in excess of coverage in fiscal 2023 and 2021. There were no significant reductions in the District's insurance coverage in fiscal year 2023.

2. **Self-Insurance** – The District has established internal service funds to account for and finance its uninsured risk of loss for its employee medical and dental insurance plans. Under these plans, the internal service funds provide coverage to participating employees and their dependents for various medical and dental costs as described in the plan. The District makes premium payments to the internal service funds on behalf of program participants based on provisional rates determined by insurance company estimates of monthly claims paid for each coverage class, plus the stop-loss insurance premium costs and administrative service charges.

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

   Changes in the balance for dental insurance claims incurred but not reported for the last two years were:

Fiscal Year Ended June 30,	Balance Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance End of Year
2022	$ 9,181	$ 613,337	$ 611,970	$ 10,548
2023	$ 10,548	$ 581,163	$ 579,298	$ 12,413

   Changes in the balance for medical insurance claims incurred but not reported for the last two years were:

Fiscal Year Ended June 30,	Balance Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance End of Year
2022	$ 607,780	$ 9,081,988	$ 8,463,630	$ 1,226,138
2023	$ 1,226,138	$ 8,336,045	$ 8,808,159	$ 754,024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Deferred Outflows/Inflows of Resources

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

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

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

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

S. Net Position

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

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation/amortization, reduced by any outstanding debt attributable to acquire capital assets.

- **Restricted** – Consists of net position restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

- **Unrestricted** – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Fund Balance Classifications

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

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

- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.

- **Committed** – Consists of internally imposed constraints that are established by resolution of the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to School Board resolution, the District's superintendent or the superintendent's designee are authorized to establish assignments of fund balance.

- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

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

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

U. Use of Estimates

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

V. Prior Period Comparative Financial Information/Reclassification

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

W. Restricted Assets

Restricted assets are cash and cash equivalents and interest accrued thereon whose use is limited by legal requirements, such as a bond indenture. Restricted assets are reported only in the government-wide financial statements. In the fund financial statements, these assets have been reported as "cash and investments held by trustee" or "cash and investments held for building construction."

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

X. Change in Accounting Principle

During the year ended June 30, 2023, the District implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). This statement provides guidance on the accounting and financial reporting for SBITAs for government end users. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this statement, a government generally should recognize a right-to-use subscription asset—and intangible asset—and a corresponding subscription liability. Certain amounts necessary to fully restate fiscal year 2022 financial information are not determinable; therefore, prior year comparative amounts have not been restated. The implementation of this new GASB statement in the current year resulted in the District reporting new capital assets and long-term liabilities for SBITAs. Beginning net position was unchanged from the implementation of this standard in the current year. See Notes 3 and 4 for additional details on this change in the current year.

Y. Prior Period Adjustments

During the year ended June 30, 2023, the District recorded two prior period adjustments. The first adjustment was to restate beginning balances for the District's capital assets in the government-wide financial statements for corrections made to prior year activity discovered in the current fiscal year. The second adjustment was to reclassify certain activities in the Community Service Special Revenue Fund to the Scholarship and Other Custodial Funds to properly reflect these activities as custodial arrangements of the District for other outside entities. The impact on the government-wide, governmental fund, and fiduciary fund financial statements, had these been properly recorded in the prior year, is as follows:

	Government-Wide	Governmental Funds	Fiduciary Funds
Impact on net position/fund balance			
Beginning of year net position/fund balance, as previously reported	$ (12,292,485)	$ 23,093,028	$ 140,382
Prior period adjustments			
Capital assets	566,517	–	–
Reclass to Scholarship and Other Custodial Funds	103,512	103,512	(103,512)
Total	670,029	103,512	(103,512)
Beginning of year net position/fund balance, as restated	$ (11,622,456)	$ 23,196,540	$ 36,870

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	$	108,315,895
Investments		66,228,991
Cash on hand		1,500
Total	$	174,546,386

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

Government-Wide Statement of Net Position		
Cash and temporary investments	$	38,874,681
Restricted assets – temporarily restricted		
Cash and investments for building construction		133,503,293
Cash and investments for OPEB		2,168,412
Total	$	174,546,386

B. Deposits

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

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

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

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

At year-end, the carrying amount of the District's deposits was $108,315,895, while the balance on the bank records was $108,315,895. At June 30, 2023, all deposits were insured or collateralized by securities held by the District's agent in the District's name. The District's deposits exceeded available insurance and pledged collateral coverage at one time during the year ended June 30, 2023.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments

The District has the following investments at year-end:

Investment Type	Credit Risk		Fair Value Measurements	Interest Rate Risk – Maturity Duration in Years			Total
	Rating	Agency	Using	Less Than 1	1 to 5	6 to 10	
General obligation bonds							
State and local bonds	AAA	S&P	Level 2	$ 249,023	$ –	$ –	$ 249,023
State and local bonds	AA	S&P	Level 2	$ 2,152,010	$ 1,825,018	$ –	3,977,028
State and local bonds	Aa	Moody's	Level 2	$ 1,494,330	$ 5,659,312	$ –	7,153,642
Negotiable certificates of deposit	N/R	N/A	Level 2	$ 1,452,955	$ 240,963	$ –	1,693,918
U.S. treasuries	N/A	N/A	Level 2	$ 587,956	$ 560,450	$ –	1,148,405
Investment pools/mutual funds							
MNTrust Investment Shares Portfolio	AAA	S&P	Amortized Cost	N/A	N/A	N/A	40,955,373
MNTrust Full Flex	N/R	N/A	Amortized Cost	N/A	N/A	N/A	2,596,439
MNTrust Limited Term Duration	N/R	N/A	Amortized Cost	N/A	N/A	N/A	8,455,163
Total investments							$ 66,228,991

N/A – Not Applicable
N/R – Not Rated

The Minnesota Trust (MNTrust) Investment Shares Portfolio, MNTrust Full Flex, and MNTrust Limited Term Duration are external investment pools regulated by Minnesota Statutes not registered with the Securities and Exchange Commission. The District's investment in these pools is measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value. For these investment pools there are no restriction or limitations on withdrawals, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice. MNTrust Full Flex investments can be withdrawn weekly with one day advance notice. Investments in the MNTrust Limited Term Duration must be deposited for a minimum of 30 calendar days.

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

Concentration Risk – This is the risk associated with investing a significant portion of the District's investments (considered 5.0 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District's investment policies do not address concentration risk.

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023 is as follows:

	Balance – Beginning of Year – as Previously Reported	Prior Period Adjustment*	Balance – Beginning of Year – as Restated	Change in Accounting Principle**	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated/amortized								
Land	$ 7,812,500	$ –	$ 7,812,500	$ –	$ –	$ –	$ –	$ 7,812,500
Construction in progress	1,749,484	(837,521)	911,963	–	12,174,162	–	(3,136,904)	9,949,221
Total capital assets, not depreciated/amortized	9,561,984	(837,521)	8,724,463	–	12,174,162	–	(3,136,904)	17,761,721
Capital assets, depreciated/amortized								
Land improvements	264,344	–	264,344	–	–	–	–	264,344
Buildings and improvements	178,814,154	(23,232)	178,790,922	–	68,616	–	3,136,904	181,996,442
Furniture and equipment	56,496,107	1,403,995	57,900,102	–	369,485	(43,681)	–	58,225,906
Technology subscriptions	–	–	–	393,174	151,767	–	–	544,941
Buildings and improvements – leased	1,290,949	–	1,290,949	–	–	–	–	1,290,949
Furniture and equipment – leased	359,301	–	359,301	–	–	–	–	359,301
Total capital assets, depreciated/amortized	237,224,855	1,380,763	238,605,618	393,174	589,868	(43,681)	3,136,904	242,681,883
Less accumulated depreciation/amortization for								
Land improvements	(177,840)	–	(177,840)	–	–	–	–	(177,840)
Buildings and improvements	(28,656,431)	60,008	(28,596,423)	–	(4,689,250)	–	–	(33,285,673)
Furniture and equipment	(50,055,892)	(36,733)	(50,092,625)	–	(648,028)	43,681	–	(50,696,972)
Technology subscriptions	–	–	–	–	(80,743)	–	–	(80,743)
Buildings and improvements – leased	(184,421)	–	(184,421)	–	(184,421)	–	–	(368,842)
Furniture and equipment – leased	(66,208)	–	(66,208)	–	(66,208)	–	–	(132,416)
Total accumulated depreciation/amortization	(79,140,792)	23,275	(79,117,517)	–	(5,668,650)	43,681	–	(84,742,486)
Net capital assets, depreciated/amortized	158,084,063	1,404,038	159,488,101	393,174	(5,078,782)	–	3,136,904	157,939,397
Total capital assets, net	$167,646,047	$ 566,517	$168,212,564	$ 393,174	$ 7,095,380	$ –	$ –	$175,701,118

* The prior period adjustment is further described in Note 1 of the notes to basic financial statements.
** The change in accounting principle was the result of the implementation of GASB Statement No. 96 in the current year.

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

Administration	$ 594
District support services	116,117
Elementary and secondary regular instruction	2,108
Vocational education instruction	350
Special education instruction	3,327
Instructional support services	87,433
Pupil support services	18,489
Sites and buildings	184,421
Community service	1,014
Unallocated depreciation/amortization	5,254,797
Total depreciation/amortization expense	$ 5,668,650

NOTE 4 – LONG-TERM LIABILITIES

A. General Obligation Bonds

The District currently has the following general obligation bonds outstanding:

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
Facilities bonds					
2010A Capital Facilities Bonds	07/15/2010	1.75–5.30%	$ 885,000	02/01/2025	$ 130,000
2019A Facilities Maintenance Bonds	07/18/2019	3.00–5.00%	$ 22,795,000	02/01/2036	20,555,000
School building bonds					
2018A School Building Bonds	02/15/2018	3.13–5.00%	$ 92,950,000	02/01/2038	90,575,000
2022A School Building Bonds	11/03/2022	4.00–5.00%	$ 136,000,000	02/01/2043	136,000,000
Total general obligation bonds					$ 247,260,000

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

B. Financed Purchase

The District has entered into an agreement for the financing of the following capital asset purchase. The financed purchase agreement is being paid by the General Fund.

Asset Description	Asset Value Capitalized	Interest Rate	Financed Purchase Date	Final Maturity	Principal Outstanding
Peter Hobart Elementary School remodeling	$ 964,000	3.15 %	07/24/2013	08/01/2028	$ 406,898

Failure by the District to pay any payments under this agreement, or upon the occurrence of and continuation of an event of default, the lender, without any further demand or notice, may take one or any combination of the following steps: 1) the lender, with or without terminating the agreement, may declare all payments due, or become due, during the fiscal year in effect when the default occurs; 2) the lender may repossess the facility or equipment by giving the District written notice to surrender the facility or equipment to the lender and; 3) the lender will thereafter use its best efforts to sell or lease its interest in the facility or equipment, or any portion thereof, in a commercially reasonable manner, in accordance with applicable state laws. The lender may also pursue any other remedy available to require the District to perform any of its obligations in this agreement.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

C. Lease Liabilities

The District has obtained the use of certain equipment and building space through lease financing agreements. The total amount of underlying lease assets by major classes and the related accumulated amortization is presented in Note 3 to the basic financial statements. Annual principal and interest on these agreements will be paid from the General Fund. The agreements are secured by the original property. The lessor also may repossess the property and seek full recovery of the losses upon default.

The District currently has the following lease liability obligations outstanding:

Lease Description	Interest Rate	Lease Date	Final Maturity	Principal Outstanding
Office building	3.50 %	02/01/2018	06/30/2028	$ 970,946
Copiers	3.50 %	11/20/2016	07/04/2027	62,514
Copiers	3.50 %	08/01/2019	07/01/2024	37,428
Copiers	3.50 %	10/07/2021	09/07/2026	108,163
Total				$ 1,179,051

D. Subscription Liabilities

The District entered into an agreement to finance the use of finance software, which calls for monthly principal and interest payments through June 2027. This subscription liability is paid by the General Fund. The amount of the underlying technology subscription asset and the related accumulated amortization is presented in Note 3 to the basic financial statements.

Description	Interest Rate	Subscription Date	Final Maturity	Principal Outstanding
Software	4.00 %	03/23/2021	06/30/2027	$ 338,153

E. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including severance benefits, compensated absences, pension benefits, and OPEB. The details of these various benefit liabilities are discussed elsewhere in these notes. Such benefits are paid from the General Fund, Food Service Special Revenue Fund, Community Service Special Revenue Fund, and Other Post-Employment Benefits Internal Service Fund.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

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

Pension Plans	Net/Total Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
State-wide, multiple-employer – PERA	$ 14,755,023	$ 5,130,783	$ 276,861	$ 2,055,127
State-wide, multiple-employer – TRA	48,228,998	15,493,834	10,139,452	(7,372,636)
Single-employer – District	3,344,391	539,145	565,294	190,968
Total	$ 66,328,412	$ 21,163,762	$ 10,981,607	$ (5,126,541)

F. Minimum Debt Payments

Minimum annual principal and interest payments to maturity for general obligation bonds, financed purchases, lease liabilities, and subscription liabilities are as follows:

Year Ending	General Obligation Bonds		Financed Purchases		Lease Liabilities		Subscription Liabilities	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 6,320,000	$ 12,127,584	$ 68,902	$ 12,284	$ 253,675	$ 37,223	$ 69,103	$ 13,777
2025	8,450,000	10,307,051	71,089	10,096	234,047	28,610	86,127	10,961
2026	8,945,000	9,884,356	73,346	7,839	243,565	20,314	89,635	7,453
2027	9,920,000	9,437,106	75,675	5,511	229,785	11,893	93,288	3,801
2028	10,490,000	8,941,106	78,077	3,108	217,979	4,132	–	–
2029–2033	60,940,000	36,608,631	39,809	629	–	–	–	–
2034–2038	65,940,000	23,794,675	–	–	–	–	–	–
2039–2043	76,255,000	10,062,213	–	–	–	–	–	–
	$ 247,260,000	$ 121,162,722	$ 406,898	$ 39,467	$ 1,179,051	$ 102,172	$ 338,153	$ 35,992

G. Changes in Long-Term Liabilities

	June 30, 2022	Change in Accounting Principle*	Additions	Retirements	June 30, 2023	Due Within One Year
General obligation bonds	$ 118,895,000	$ –	$ 136,000,000	$ 7,635,000	$ 247,260,000	$ 6,320,000
Unamortized premiums	9,257,992	–	4,894,160	785,328	13,366,824	–
Financed purchases	673,679	–	–	266,781	406,898	68,902
Lease liabilities	1,420,484	–	–	241,433	1,179,051	253,675
Subscription liabilities	–	393,174	–	55,021	338,153	69,103
Net pension liability	31,076,711	–	36,059,968	4,152,658	62,984,021	–
Single-employer pension liability	3,939,628	–	190,968	786,205	3,344,391	370,805
Total OPEB liability	5,067,292	–	445,306	–	5,512,598	613,345
Compensated absences	756,387	–	1,060,146	942,909	873,624	873,624
Severance benefits	3,771,992	–	136,436	601,745	3,306,683	305,179
	$ 174,859,165	$ 393,174	$ 178,786,984	$ 15,467,080	$ 338,572,243	$ 8,874,633

* The change in accounting principle is related to the implementation of GASB Statement No. 96 in the current year.

NOTE 5 – FUND BALANCES

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

A. Classifications

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

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable					
Inventory	$ –	$ –	$ –	$ 46,091	$ 46,091
Prepaid items	62,719	–	–	750	63,469
Total nonspendable	62,719	–	–	46,841	109,560
Restricted					
Student activities	169,387	–	–	–	169,387
Operating capital	2,276,047	–	–	–	2,276,047
Capital projects levy	1,979,581	–	–	–	1,979,581
Food service	–	–	–	884,747	884,747
Early childhood family education programs	–	–	–	68,776	68,776
Community service	–	–	–	287,491	287,491
School readiness	–	–	–	107,735	107,735
Community education	–	–	–	138,931	138,931
Long-term facilities maintenance	1,338,936	–	–	–	1,338,936
Capital projects	–	133,585,189	–	–	133,585,189
Debt service	–	–	2,685,104	–	2,685,104
Total restricted	5,763,951	133,585,189	2,685,104	1,487,680	143,521,924
Assigned					
Subsequent year's budget	261,686	–	–	–	261,686
Severance payments	868,899	–	–	–	868,899
Donations/gifts/local grants	43,700	–	–	–	43,700
Total assigned	1,174,285	–	–	–	1,174,285
Unassigned	5,057,434	–	–	–	5,057,434
Total	$ 12,058,389	$ 133,585,189	$ 2,685,104	$ 1,534,521	$ 149,863,203

B. Minimum Unassigned Fund Balance Policy

The School Board has formally adopted a fund balance policy that establishes a desired unassigned General Fund. The policy states the District establishes a year-end minimum unassigned fund balance of 6.0 percent of current year's General Fund noncategorical expenditures.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

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

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

2. Teachers Retirement Association (TRA)

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

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

B. Benefits Provided

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

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

1. GERF Benefits

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

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

2. TRA Benefits

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

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

Tier I Benefits

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

With these provisions:

(a) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.

(b) Three percent per year early retirement reduction factor for all years under normal retirement age.

(c) Unreduced benefits for early retirement under a Rule of 90 (age plus allowable service equals 90 or more).

Tier II Benefits

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

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

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

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

C. Contributions

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

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2023 and the District was required to contribute 7.5 percent for Coordinated Plan members. The District's contributions to the GERF for the year ended June 30, 2023, were $1,012,935. The District's contributions were equal to the required contributions as set by state statutes.

2. TRA Contributions

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

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

The District's contributions to the TRA for the plan's fiscal year ended June 30, 2023, were $2,426,513. The District's contributions were equal to the required contributions for each year as set by state statutes.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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

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

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

D. Pension Costs

1. GERF Pension Costs

At June 30, 2023, the District reported a liability of $14,755,023 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of $16 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the District totaled $432,434. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all of the PERA's participating employers. The District's proportionate share was 0.1863 percent at the end of the measurement period and 0.1772 percent for the beginning of the period.

District's proportionate share of the net pension liability	$ 14,755,023
State's proportionate share of the net pension liability associated with the District	$ 432,434

For the year ended June 30, 2023, the District recognized pension expense of $1,990,478 for its proportionate share of the GERF's pension expense. In addition, the District recognized an additional $64,649 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of $16 million to the GERF.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 123,245	$ 150,092
Changes in actuarial assumptions	3,181,143	57,821
Net collective difference between projected and actual investment earnings	510,944	–
Changes in proportion	302,516	68,948
District's contributions to the GERF subsequent to the measurement date	1,012,935	–
Total	$ 5,130,783	$ 276,861

The $1,012,935 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2024	$ 1,371,731
2025	$ 1,416,146
2026	$ (281,262)
2027	$ 1,334,372

2. TRA Pension Costs

At June 30, 2023, the District reported a liability of $48,228,998 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Minneapolis School District. The District's proportionate share was 0.6023 percent at the end of the measurement period and 0.5372 percent for the beginning of the period.

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

District's proportionate share of the net pension liability	$ 48,228,998
State's proportionate share of the net pension liability associated with the District	$ 3,576,796

For the year ended June 30, 2023, the District recognized negative pension expense of $7,864,456. It also recognized $491,820 as an increase to pension expense for the support provided by direct aid.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 650,246	$ 378,581
Changes in actuarial assumptions	6,891,176	9,228,473
Net collective difference between projected and actual investment earnings on pension plan investments	3,116,700	–
Changes in proportion	2,409,199	532,398
District's contributions to the TRA subsequent to the measurement date	2,426,513	–
Total	$ 15,493,834	$ 10,139,452

A total of $2,426,513 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2024	$ (7,449,050)
2025	$ 2,001,317
2026	$ 1,326,850
2027	$ 6,539,919
2028	$ 508,833

E. Long-Term Expected Return on Investment

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

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

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

F. Actuarial Methods and Assumptions

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

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

1. GERF

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

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

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

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

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

2. TRA

Salary increases were based on a service-related table.

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

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

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

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

The following changes in actuarial assumptions occurred in 2022:

1. **GERF**

   CHANGES IN ACTUARIAL ASSUMPTIONS

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

2. **TRA**

   CHANGES IN ACTUARIAL ASSUMPTIONS

   - None.

G. Discount Rate

1. **GERF**

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

2. **TRA**

   The discount rate used to measure the total pension liability was 7.00 percent. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2023 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

H. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
GERF discount rate	5.50%	6.50%	7.50%
District's proportionate share of the GERF net pension liability	$ 23,306,329	$ 14,755,023	$ 7,741,629
TRA discount rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	$ 76,030,389	$ 48,228,998	$ 25,440,526

I. Pension Plan Fiduciary Net Position

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

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

NOTE 7 – DEFINED BENEFIT PENSION PLAN – DISTRICT

A. Plan Description

The District provides pension benefits to certain eligible employees through its Pension Benefits Plan, a single-employer defined benefit plan administered by the District. All pension benefits are based on contractual agreements with employee groups, with eligibility based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report. These benefits are available to the following groups: building operations supervisors, clerical/secretarial association, director of information services, director of special services, principal and assistant principals, professional personnel, school nutrition personnel, supervisors/managers, student support personnel, and teachers.

B. Contributions and Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District has not established a trust fund to finance these pension benefits.

C. Membership

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

Active plan members	96
Retirees and beneficiaries receiving benefits	8
Total	104

D. Actuarial Methods and Assumptions

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

Discount rate	3.69%
20-year municipal bond yield	3.69%
Inflation rate	2.50%

Mortality rates were based on the RP-2014 Mortality Tables with projected mortality improvements based on MP-2015 Generational Improvement Scale for teachers and the Pub-2010 General Mortality Tables with projected mortality improvements based on MP-2021 Generational Improvement Scale for nonteachers.

The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies. Annual salary increases are based on the most recently disclosed assumption for the pension plan in which the employee participates.

E. Discount Rate

The discount rate used to measure the pension liability was 3.69 percent. Since the plan is not funded, the discount rate is equal to the 20-year municipal bond rate, which was set by considering published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of the measurement date.

F. Changes in the Total Pension Liability

	Total Pension Liability
Beginning balance – July 1, 2022	$ 3,939,628
Changes for the year	
Service cost	174,663
Interest	75,784
Differences between expected and actual experience	(289,305)
Assumption changes	(221,976)
Benefit payments – employer-financed	(334,403)
Total net changes	(595,237)
Ending balance – June 30, 2023	$ 3,344,391

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

Assumption changes since the prior measurement date include the following:

- The discount rate was changed from 1.92 percent to 3.69 percent based on updated 20-year municipal bond rates.
- Mortality rates were updated from the rates used in the July 1, 2020 PERA General Employees Plan valuation to the rates used in the July 1, 2022 valuation.
- The inflation assumption was changed from 2.25 percent to 2.50 percent based on an updated historical analysis of inflation rates and forward-looking market expectations.

G. Total Pension Liability Sensitivity to Discount Rate Changes

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

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
Pension discount rate	2.69%	3.69%	4.69%
Total pension liability	$ 3,471,966	$ 3,344,391	$ 3,213,593

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

For the current year ended, the District recognized a pension expense of $190,968, and at year-end reported the following deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 30,210	$ 280,931
Changes in actuarial assumptions	159,751	284,363
District contributions subsequent to the measurement date	349,184	–
Total	$ 539,145	$ 565,294

A total of $349,184 reported as deferred outflows of resources related to contributions to the single-employer plan subsequent to the measurement date will be recognized as a reduction of total pension liability in the year ending June 30, 2024. These 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	$ (59,479)
2025	$ (59,479)
2026	$ (53,796)
2027	$ (43,533)
2028	$ (41,830)
Thereafter	$ (117,216)

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

A. Plan Description

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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

B. Benefits Provided

All retirees of the District have the option under state law to continue their medical insurance coverage through the District from the time of retirement until the employee reaches the age of eligibility for Medicare. For members of certain employee groups, the District pays the eligible retiree's premiums for medical, dental, and/or life insurance, for some period after retirement. The length of the benefits to be paid by the District differ by bargaining unit.

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

C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District.

D. Membership

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

Retirees and beneficiaries receiving benefits	27
Active plan members	659
Total members	686

E. Total OPEB Liability of the District

The District's total OPEB liability was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2022.

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

F. Actuarial Methods and Assumptions

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

Discount rate	3.69%
20-year municipal bond yield	3.69%
Inflation rate	2.50%
Medical trend rate	6.80%, grading to 3.90% over 53 years

Mortality rates were based on the RP-2014 Mortality Tables with projected mortality improvements based on MP-2015 Generational Improvement Scale for teachers and Pub-2010 General Mortality Tables with projected mortality improvements based on MP-2021 Generational Improvement Scale for nonteachers.

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

Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-year municipal bond yield.

Economic assumptions are based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information, as well as consistency with other economic assumptions. Annual salary increases are based on the most recently disclosed assumption for the pension plan in which the employee participates.

G. Changes in the Total OPEB Liability

	Total OPEB Liability
Beginning balance – July 1, 2022	$ 5,067,292
Changes for the year	
Service cost	309,562
Interest	99,418
Differences between expected and actual experience	824,908
Assumption changes	(392,426)
Changes of benefit terms	1,510
Benefit payments	(397,666)
Total net changes	445,306
Ending balance – June 30, 2023	$ 5,512,598

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

Assumption changes since the prior measurement date include the following:

- The discount rate was changed from 1.92 percent to 3.69 percent based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- Mortality rates were updated from the rates used in the July 1, 2020 PERA General Employees Plan valuation to the rates used in the July 1, 2022 valuation.
- The percent of future non-Medicare eligible retirees electing each medical plan changed to reflect recent plan experience.
- The inflation assumption was changed from 2.25 percent to 2.50 percent based on an updated historical analysis of inflation rates and forward-looking market expectations.

H. Total OPEB Liability Sensitivity to Discount and Medical Cost Trend Rate Changes

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

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
OPEB discount rate	2.69%	3.69%	4.69%
Total OPEB liability	$ 5,760,024	$ 5,512,598	$ 5,266,873

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

	1% Decrease in Medical Cost Trend Rate	Medical Cost Trend Rate	1% Increase in Medical Cost Trend Rate
OPEB medical cost trend rate	5.80%, decreasing to 2.90% over 53 years	6.80%, decreasing to 3.90% over 53 years	7.80%, decreasing to 4.90% over 53 years
Total OPEB liability	$ 5,153,439	$ 5,512,598	$ 5,917,622

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

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

For the current year ended, the District recognized OPEB expense of $356,957. As of year-end, 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
Differences between expected and actual liability	$ 919,407	$ 436,117
Changes in actuarial assumptions	126,314	740,218
District contributions subsequent to the measurement date	513,543	–
Total	$ 1,559,264	$ 1,176,335

A total of $513,543 reported as deferred outflows of resources related to contributions to the OPEB Plan subsequent to the measurement date will be recognized as a reduction of total OPEB liability in the year ending June 30, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	OPEB Expense Amount
2024	$ (53,533)
2025	$ (53,533)
2026	$ (48,076)
2027	$ (30,715)
2028	$ (5,383)
Thereafter	$ 60,626

NOTE 9 – FLEXIBLE BENEFIT PLAN

The District has established the St. Louis Park Employees' Flex-Benefits Plan (the Plan). The Plan is a flexible benefit plan classified as a "cafeteria plan" under § 125 of the IRC. Eligible employees can elect to participate by contributing pretax dollars withheld from payroll checks to the Plan for health insurance, healthcare, and dependent care benefits. Payments are made from the Plan to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the participant.

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

NOTE 9 – FLEXIBLE BENEFIT PLAN (CONTINUED)

The employee portion of insurance premiums (health, dental, and disability) are withheld and paid by the District directly to the designated insurance companies. The dependent care and medical expense reimbursement portions of the Plan are administered by an independent contract administrator. All plan activity is accounted for in the General Fund and special revenue funds. All property of the Plan and income attributable to that property is solely the property of the District, subject to the claims of the District's general creditors. Participants' rights under the Plan are equal to those of general creditors of the District in an amount equal to the eligible healthcare and dependent care expenses incurred by the participants. The District believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. Legal Claims

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

B. Federal and State Receivables

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

C. Construction Contracts

At June 30, 2023, the District had commitments totaling $44,370,654 under construction contracts for which the work was not yet completed.

D. Solar Power Purchase Commitment

The District has entered into solar subscription agreements with an outside company for each of the District buildings. The District is committed to purchasing 100 percent of the annual delivered energy from the solar systems for a period of 25 years from the commercial operation date to receive bill credits associated with the energy production.

NOTE 11 – INTERFUND BALANCES

The District's General Fund has a receivable of $206,783 at year-end due from the Post-Employment Benefits Internal Service Fund related to reimbursements of OPEB costs. The District's General Fund also has a receivable of $121,444 from the Scholarship and Other Custodial Funds related to grant activity awaiting reimbursement. Interfund receivables and payables reported in the fund financial statements are eliminated to the extent possible in the government-wide financial statements.

NOTE 12 – DEFICIT NET POSITION

At June 30, 2023, the District's Other Post-Employment Benefits Internal Service Fund reported a deficit net position of $3,145,914.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 283

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

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.1889%	$ 8,873,576	$ –	$ 8,873,576	$11,746,254	75.54%	78.70%
06/30/2016	06/30/2015	0.1838%	$ 9,525,470	$ –	$ 9,525,470	$12,107,860	78.67%	78.20%
06/30/2017	06/30/2016	0.1856%	$15,069,799	$ 196,897	$15,266,696	$13,223,419	113.96%	68.90%
06/30/2018	06/30/2017	0.1878%	$11,989,028	$ 150,271	$12,139,299	$13,404,414	89.44%	75.90%
06/30/2019	06/30/2018	0.1816%	$10,074,423	$ 330,535	$10,404,958	$13,732,693	73.36%	79.50%
06/30/2020	06/30/2019	0.1787%	$ 9,879,923	$ 307,153	$10,187,076	$12,518,036	78.93%	80.20%
06/30/2021	06/30/2020	0.1795%	$10,761,845	$ 331,973	$11,093,818	$12,747,970	84.42%	79.10%
06/30/2022	06/30/2021	0.1772%	$ 7,567,233	$ 231,073	$ 7,798,306	$12,757,568	59.32%	87.00%
06/30/2023	06/30/2022	0.1863%	$14,755,023	$ 432,434	$15,187,457	$13,957,291	105.72%	76.70%

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

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	$ 798,857	$ 798,857	$ –	$12,107,860	6.60%
06/30/2016	$ 860,304	$ 860,304	$ –	$13,223,419	6.51%
06/30/2017	$ 909,358	$ 909,358	$ –	$13,404,414	6.78%
06/30/2018	$ 915,421	$ 915,421	$ –	$13,732,693	6.67%
06/30/2019	$ 939,245	$ 939,245	$ –	$12,518,036	7.50%
06/30/2020	$ 955,918	$ 955,918	$ –	$12,747,970	7.50%
06/30/2021	$ 956,639	$ 956,639	$ –	$12,757,568	7.50%
06/30/2022	$ 1,046,468	$ 1,046,468	$ –	$13,957,291	7.50%
06/30/2023	$ 1,012,935	$ 1,012,935	$ –	$13,506,749	7.50%

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

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

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.5456%	$ 25,140,855	$ 1,768,679	$ 26,909,534	$ 24,907,042	100.94%	81.50%
06/30/2016	06/30/2015	0.5156%	$ 31,894,959	$ 3,911,929	$ 35,806,888	$ 26,167,840	121.89%	76.80%
06/30/2017	06/30/2016	0.5340%	$127,371,741	$ 12,784,807	$140,156,548	$ 27,779,987	458.50%	44.88%
06/30/2018	06/30/2017	0.5527%	$110,328,946	$ 10,664,657	$120,993,603	$ 29,998,018	367.79%	51.57%
06/30/2019	06/30/2018	0.5446%	$ 34,205,978	$ 3,213,935	$ 37,419,913	$ 30,255,612	113.06%	78.07%
06/30/2020	06/30/2019	0.5391%	$ 34,362,347	$ 3,040,919	$ 37,403,266	$ 30,530,140	112.55%	78.21%
06/30/2021	06/30/2020	0.5402%	$ 39,910,700	$ 3,344,802	$ 43,255,502	$ 31,353,181	127.29%	75.48%
06/30/2022	06/30/2021	0.5372%	$ 23,509,478	$ 1,982,738	$ 25,492,216	$ 32,130,320	73.17%	86.63%
06/30/2023	06/30/2022	0.6023%	$ 48,228,998	$ 3,576,796	$ 51,805,794	$ 37,229,561	129.54%	76.17%

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

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	$ 1,880,413	$ 1,880,413	$ –	$ 26,167,840	7.19%
06/30/2016	$ 2,159,961	$ 2,159,961	$ –	$ 27,779,987	7.78%
06/30/2017	$ 2,239,979	$ 2,239,979	$ –	$ 29,998,018	7.47%
06/30/2018	$ 2,268,034	$ 2,268,034	$ –	$ 30,255,612	7.50%
06/30/2019	$ 2,356,658	$ 2,356,658	$ –	$ 30,530,140	7.72%
06/30/2020	$ 2,485,617	$ 2,485,617	$ –	$ 31,353,181	7.93%
06/30/2021	$ 2,614,040	$ 2,614,040	$ –	$ 32,130,320	8.14%
06/30/2022	$ 3,105,037	$ 3,105,037	$ –	$ 37,229,561	8.34%
06/30/2023	$ 2,426,513	$ 2,426,513	$ –	$ 28,378,573	8.55%

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

INDEPENDENT SCHOOL DISTRICT NO. 283

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

	District Fiscal Year-End Date						
	2017	2018	2019	2020	2021	2022	2023
Total pension liability							
Service cost	$ 191,808	$ 198,521	$ 186,488	$ 154,407	$ 172,090	$ 155,692	$ 174,663
Interest	121,139	119,344	144,153	148,975	128,622	97,686	75,784
Differences between expected and actual experience	–	–	70,820	–	(44,888)	–	(289,305)
Assumption changes	–	(122,198)	(125,009)	77,443	102,616	71,973	(221,976)
Change of benefit terms	–	–	–	–	(3,622)	–	–
Benefit payments	(293,415)	(471,857)	(103,099)	(322,312)	(486,674)	(434,453)	(334,403)
Net change in total pension liability	19,532	(276,190)	173,353	58,513	(131,856)	(109,102)	(595,237)
Total pension liability – beginning of year	4,205,378	4,224,910	3,948,720	4,122,073	4,180,586	4,048,730	3,939,628
Total pension liability – end of year	$ 4,224,910	$ 3,948,720	$ 4,122,073	$ 4,180,586	$ 4,048,730	$ 3,939,628	$ 3,344,391
Covered-employee payroll	$12,064,057	$12,564,715	$11,789,415	$12,153,286	$10,602,032	$10,927,514	$ 8,615,873
Total pension liability as a percentage of covered-employee payroll	35.02%	31.43%	34.96%	34.40%	38.19%	36.05%	38.82%

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

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

INDEPENDENT SCHOOL DISTRICT NO. 283

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

	District Fiscal Year-End Date					
	2018	2019	2020	2021	2022	2023
Total OPEB liability						
Service cost	$ 298,346	$ 283,062	$ 272,916	$ 309,654	$ 277,698	$ 309,562
Interest	159,816	194,344	191,866	174,232	123,032	99,418
Differences between expected and actual experience	–	434,159	–	(629,621)	(32,679)	824,908
Changes in assumptions	(169,944)	(703,143)	129,192	(49,830)	121,374	(392,426)
Changes in benefit terms	–	–	–	14,045	–	1,510
Benefit payments	(341,220)	(408,795)	(398,420)	(330,327)	(332,301)	(397,666)
Net change in total OPEB liability	(53,002)	(200,373)	195,554	(511,847)	157,124	445,306
Total OPEB liability – beginning of year	5,479,836	5,426,834	5,226,461	5,422,015	4,910,168	5,067,292
Total OPEB liability – end of year	$ 5,426,834	$ 5,226,461	$ 5,422,015	$ 4,910,168	$ 5,067,292	$ 5,512,598
Covered-employee payroll	$ 42,960,575	$ 41,333,803	$ 41,888,500	$ 41,927,677	$ 44,102,506	$ 41,821,027
Total OPEB liability as a percentage of covered-employee payroll	12.63%	12.64%	12.94%	11.71%	11.49%	13.18%

Note 1: The District has not established an irrevocable trust fund to finance GASB Statement No. 75-related benefits.

Note 2: The District implemented GASB Statement No. 75 for the year ended June 30, 2018. The schedules within the RSI section require a 10-year presentation. Additional years will be presented as they become available.

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PERA – GENERAL EMPLOYEES RETIREMENT FUND

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2020 CHANGES IN PLAN PROVISIONS

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

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2019 CHANGES IN PLAN PROVISIONS

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

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2017 CHANGES IN PLAN PROVISIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

TEACHERS RETIREMENT ASSOCIATION (TRA)

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

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

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

PENSION BENEFITS PLAN

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 1.92 percent to 3.69 percent.
- Mortality rates were updated from the rates used in the July 1, 2020 PERA General Employees Plan valuation to the rates used in the July 1, 2022 valuation.
- The inflation assumption was changed from 2.25 percent to 2.50 percent.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.45 percent to 1.92 percent.

2020 CHANGES IN BENEFIT TERMS

- Severance benefits were removed from several individual director and coordinator contracts.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.13 percent to 2.45 percent.
- Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the July 1, 2018 PERA General Employees Retirement Plan and July 1, 2018 TRA valuations to the rates used in the July 1, 2020 valuations.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.62 percent to 3.13 percent.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.53 percent to 3.62 percent.
- Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the July 1, 2015 PERA General Employees Retirement Plan and July 1, 2015 TRA valuations to the rates used in the July 1, 2018 valuations.
- The inflation assumption was changed from 2.72 percent to 2.50 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.85 percent to 3.53 percent based on updated 20-year municipal bond rates.

OTHER POST-EMPLOYMENT BENEFITS PLAN

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 1.92 percent to 3.69 percent.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- Mortality rates were updated from the rates used in the July 1, 2020 PERA General Employees Plan valuation to the rates used in the July 1, 2022 valuation.
- The percent of future non-Medicare eligible retirees electing each medical plan changed to reflect recent plan experience.
- The inflation assumption was changed from 2.25 percent to 2.50 percent.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.45 percent to 1.92 percent.

2020 CHANGES IN BENEFIT TERMS

- Severance benefits were removed from several individual director, coordinator, and technical personnel contracts.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.13 percent to 2.45 percent.
- Healthcare trend medical and dental rates were reset to reflect updated cost increase expectations. Medical trend updates include the repeal of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
- Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the July 1, 2018 PERA General Employees Retirement Plan and July 1, 2018 TRA valuations to the rates used in the July 1, 2020 valuations.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.62 percent to 3.13 percent.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.53 percent to 3.62 percent based on updated 20-year municipal bond rates.
- Medical trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated to RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale for teachers and with MP-2017 Generational Scale for nonteachers to the rates used in the July 1, 2018 valuations.
- The inflation assumption was changed from 2.75 percent to 2.50 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.85 percent to 3.53 percent.

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SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 283

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

	Special Revenue Funds		
	Food Service	Community Service	Total
Assets			
Cash and temporary investments	$ 846,655	$ 1,048,452	$ 1,895,107
Receivables			
Current taxes	–	545,136	545,136
Delinquent taxes	–	8,948	8,948
Accounts and interest	113,511	13,000	126,511
Due from other governmental units	68,072	349,887	417,959
Inventory	46,091	–	46,091
Prepaid items	–	750	750
Total assets	$ 1,074,329	$ 1,966,173	$ 3,040,502
Liabilities			
Salaries payable	$ 53,273	$ 140,860	$ 194,133
Accounts and contracts payable	11,490	54,420	65,910
Due to other governmental units	–	205	205
Unearned revenue	78,728	93,700	172,428
Total liabilities	143,491	289,185	432,676
Deferred inflows of resources			
Property taxes levied for subsequent year	–	1,058,229	1,058,229
Unavailable revenue – delinquent taxes	–	15,076	15,076
Total deferred inflows of resources	–	1,073,305	1,073,305
Fund balances			
Nonspendable for inventory	46,091	–	46,091
Nonspendable for prepaid items	–	750	750
Restricted	884,747	602,933	1,487,680
Total fund balances	930,838	603,683	1,534,521
Total liabilities, deferred inflows of resources, and fund balances	$ 1,074,329	$ 1,966,173	$ 3,040,502

INDEPENDENT SCHOOL DISTRICT NO. 283

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

	Special Revenue Funds		
	Food Service	Community Service	Total
Revenue			
Local sources			
Property taxes	$ –	$ 1,035,528	$ 1,035,528
Investment earnings	26,284	14,574	40,858
Other	789,659	5,477,913	6,267,572
State sources	97,247	1,335,943	1,433,190
Federal sources	1,452,571	191,825	1,644,396
Total revenue	2,365,761	8,055,783	10,421,544
Expenditures			
Current			
Food service	2,305,475	–	2,305,475
Community service	–	7,561,811	7,561,811
Capital outlay	–	6,602	6,602
Total expenditures	2,305,475	7,568,413	9,873,888
Excess of revenue over expenditures	60,286	487,370	547,656
Other financing sources			
Sale of assets	447	–	447
Net change in fund balances	60,733	487,370	548,103
Fund balances			
Beginning of year, as previously reported	870,105	12,801	882,906
Prior period adjustment	–	103,512	103,512
Beginning of year, as restated	870,105	116,313	986,418
End of year	$ 930,838	$ 603,683	$ 1,534,521

INDEPENDENT SCHOOL DISTRICT NO. 283

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

	2023	2022
Assets		
Cash and temporary investments	$ 20,709,102	$ 14,239,887
Receivables		
Current taxes	11,793,228	9,823,821
Delinquent taxes	174,779	197,204
Accounts and interest	124,384	53,098
Due from other governmental units	5,734,933	10,656,071
Due from other funds	328,227	188,432
Prepaid items	62,719	294,246
Total assets	$ 38,927,372	$ 35,452,759
Liabilities		
Salaries payable	$ 4,615,349	$ 496,564
Accounts and contracts payable	772,020	961,104
Due to other governmental units	703,194	121,267
Severance payable	455,524	19,314
Unearned revenue	916,099	940,115
Total liabilities	7,462,186	2,538,364
Deferred inflows of resources		
Property taxes levied for subsequent year	19,114,747	17,597,017
Unavailable revenue – delinquent taxes	292,050	197,204
Total deferred inflows of resources	19,406,797	17,794,221
Fund balances		
Nonspendable for prepaid items	62,719	294,027
Restricted for student activities	169,387	175,536
Restricted for staff development	–	4,982
Restricted for operating capital	2,276,047	3,050,954
Restricted for capital projects levy	1,979,581	1,718,953
Restricted for long-term facilities maintenance	1,338,936	1,475,189
Restricted for Medical Assistance	–	182,130
Assigned for subsequent year's budget	261,686	2,532,674
Assigned for severance payments	868,899	1,320,592
Assigned for donations/gifts/local grants	43,700	–
Unassigned – safe schools levy restricted account deficit	–	(14,416)
Unassigned	5,057,434	4,379,553
Total fund balances	12,058,389	15,120,174
Total liabilities, deferred inflows of resources, and fund balances	$ 38,927,372	$ 35,452,759

INDEPENDENT SCHOOL DISTRICT NO. 283

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

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 21,195,200	$ 21,615,813	$ 420,613	$ 19,914,370
Investment earnings (charges)	125,000	488,719	363,719	(57,947)
Other	741,600	1,245,214	503,614	1,003,342
State sources	45,481,800	47,149,379	1,667,579	46,502,457
Federal sources	2,120,072	3,223,299	1,103,227	7,467,476
Total revenue	69,663,672	73,722,424	4,058,752	74,829,698
Expenditures				
Current				
Administration				
Salaries	1,828,471	1,989,694	161,223	1,976,440
Employee benefits	693,229	775,656	82,427	661,692
Purchased services	43,400	20,008	(23,392)	40,971
Supplies and materials	9,000	9,206	206	12,977
Capital expenditures	100,000	–	(100,000)	150
Other expenditures	37,620	40,325	2,705	45,252
Total administration	2,711,720	2,834,889	123,169	2,737,482
District support services				
Salaries	2,256,787	2,338,104	81,317	2,325,997
Employee benefits	940,324	1,304,148	363,824	876,631
Purchased services	647,700	822,920	175,220	498,304
Supplies and materials	950,196	564,475	(385,721)	721,084
Capital expenditures	1,055,000	716,973	(338,027)	1,051,930
Other expenditures	(16,300)	(32,551)	(16,251)	(3,912)
Total district support services	5,833,707	5,714,069	(119,638)	5,470,034
Elementary and secondary regular instruction				
Salaries	21,622,345	21,817,152	194,807	22,455,622
Employee benefits	8,203,452	8,005,356	(198,096)	7,690,859
Purchased services	1,773,832	2,791,907	1,018,075	2,929,681
Supplies and materials	698,563	1,092,008	393,445	648,401
Capital expenditures	320,264	184,133	(136,131)	364,789
Other expenditures	73,920	283,261	209,341	225,830
Total elementary and secondary regular instruction	32,692,376	34,173,817	1,481,441	34,315,182

(continued)

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

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	385,348	345,375	(39,973)	432,374
Employee benefits	120,958	113,541	(7,417)	144,227
Purchased services	32,000	90,520	58,520	20,062
Supplies and materials	16,700	59,612	42,912	21,838
Capital expenditures	–	–	–	364
Other expenditures	600	3,296	2,696	3,542
Total vocational education instruction	555,606	612,344	56,738	622,407
Special education instruction				
Salaries	8,338,548	8,617,633	279,085	8,248,730
Employee benefits	2,975,448	3,163,584	188,136	2,799,222
Purchased services	1,605,623	1,666,499	60,876	1,662,715
Supplies and materials	99,382	94,320	(5,062)	59,168
Other expenditures	–	51,741	51,741	(341,026)
Total special education instruction	13,019,001	13,593,777	574,776	12,428,809
Instructional support services				
Salaries	2,719,547	2,818,247	98,700	2,804,513
Employee benefits	1,012,629	1,015,121	2,492	1,003,278
Purchased services	472,148	242,089	(230,059)	383,110
Supplies and materials	162,209	256,366	94,157	253,206
Capital expenditures	172,690	70,855	(101,835)	294,259
Other expenditures	8,050	19,601	11,551	17,923
Total instructional support services	4,547,273	4,422,279	(124,994)	4,756,289
Pupil support services				
Salaries	2,289,617	2,275,341	(14,276)	2,337,771
Employee benefits	834,048	762,992	(71,056)	836,966
Purchased services	3,097,945	4,715,468	1,617,523	5,079,046
Supplies and materials	255,727	269,095	13,368	316,437
Capital expenditures	30,800	13,918	(16,882)	52,996
Other expenditures	750	14,064	13,314	25,820
Total pupil support services	6,508,887	8,050,878	1,541,991	8,649,036

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 283

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

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	2,137,673	2,028,904	(108,769)	2,333,574
Employee benefits	883,931	708,924	(175,007)	901,155
Purchased services	1,936,053	2,226,896	290,843	2,207,293
Supplies and materials	515,100	920,093	404,993	864,914
Capital expenditures	618,215	441,387	(176,828)	366,795
Other expenditures	(143,500)	(64,984)	78,516	(83,921)
Total sites and buildings	5,947,472	6,261,220	313,748	6,589,810
Fiscal and other fixed cost programs				
Purchased services	552,000	550,162	(1,838)	419,690
Debt service				
Principal	81,185	563,235	482,050	643,868
Interest and fiscal charges	–	76,307	76,307	65,874
Total debt service	81,185	639,542	558,357	709,742
Total expenditures	72,449,227	76,852,977	4,403,750	76,698,481
Excess (deficiency) of revenue over expenditures	(2,785,555)	(3,130,553)	(344,998)	(1,868,783)
Other financing sources				
Issuance of financed purchases	–	–	–	549,375
Issuance of lease liabilities	–	–	–	160,481
Sale of assets	–	68,768	68,768	–
Total other financing sources	–	68,768	68,768	709,856
Net change in fund balances	$ (2,785,555)	(3,061,785)	$ (276,230)	(1,158,927)
Fund balances				
Beginning of year		15,120,174		16,279,101
End of year		$ 12,058,389		$ 15,120,174

INDEPENDENT SCHOOL DISTRICT NO. 283

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

	2023	2022
Assets		
Cash and temporary investments	$ 846,655	$ 786,883
Receivables		
Accounts and interest	113,511	147,977
Due from other governmental units	68,072	14,006
Inventory	46,091	21,496
Total assets	$ 1,074,329	$ 970,362
Liabilities		
Salaries payable	$ 53,273	$ 3,088
Accounts and contracts payable	11,490	33,476
Unearned revenue	78,728	63,693
Total liabilities	143,491	100,257
Fund balances		
Nonspendable for inventory	46,091	21,496
Restricted for food service	884,747	848,609
Total fund balances	930,838	870,105
Total liabilities and fund balances	$ 1,074,329	$ 970,362

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

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	$ –	$ 26,284	$ 26,284	$ –
Other – primarily meal sales	1,294,173	789,659	(504,514)	257,494
State sources	103,389	97,247	(6,142)	70,663
Federal sources	604,930	1,452,571	847,641	2,574,927
Total revenue	2,002,492	2,365,761	363,269	2,903,084
Expenditures				
Current				
Salaries	758,906	782,379	23,473	766,115
Employee benefits	298,701	288,642	(10,059)	265,457
Purchased services	15,300	87,171	71,871	12,622
Supplies and materials	766,618	943,495	176,877	830,872
Other expenditures	158,000	203,788	45,788	181,684
Total expenditures	1,997,525	2,305,475	307,950	2,056,750
Excess of revenue over expenditures	4,967	60,286	55,319	846,334
Other financing sources				
Sale of assets	–	447	447	–
Net change in fund balances	$ 4,967	60,733	$ 55,766	846,334
Fund balances				
Beginning of year		870,105		23,771
End of year		$ 930,838		$ 870,105

INDEPENDENT SCHOOL DISTRICT NO. 283

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

	2023	2022
Assets		
Cash and temporary investments	$ 1,048,452	$ 469,573
Receivables		
Current taxes	545,136	513,345
Delinquent taxes	8,948	9,907
Accounts and interest	13,000	13,423
Due from other governmental units	349,887	437,055
Prepaid items	750	3,394
Total assets	$ 1,966,173	$ 1,446,697
Liabilities		
Salaries payable	$ 140,860	$ 173,636
Accounts and contracts payable	54,420	108,936
Due to other governmental units	205	–
Unearned revenue	93,700	93,700
Total liabilities	289,185	376,272
Deferred inflows of resources		
Property taxes levied for subsequent year	1,058,229	1,047,717
Unavailable revenue – delinquent taxes	15,076	9,907
Total deferred inflows of resources	1,073,305	1,057,624
Fund balances (deficits)		
Nonspendable for prepaid items	750	3,394
Restricted for early childhood family education programs	68,776	187,395
Restricted for community service	287,491	395,200
Restricted for school readiness	107,735	6,240
Restricted for community education	138,931	–
Unassigned – community education programs restricted account deficit	–	(579,428)
Total fund balances	603,683	12,801
Total liabilities, deferred inflows of resources, and fund balances	$ 1,966,173	$ 1,446,697

INDEPENDENT SCHOOL DISTRICT NO. 283

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

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 1,028,084	$ 1,035,528	$ 7,444	$ 1,014,669
Investment earnings	–	14,574	14,574	2,587
Other – primarily tuition and fees	4,792,034	5,477,913	685,879	4,930,131
State sources	1,371,301	1,335,943	(35,358)	1,413,328
Federal sources	62,000	191,825	129,825	101,355
Total revenue	7,253,419	8,055,783	802,364	7,462,070
Expenditures				
Current				
Salaries	3,876,655	4,436,198	559,543	4,457,752
Employee benefits	1,461,064	1,557,928	96,864	1,552,876
Purchased services	933,581	1,189,475	255,894	1,073,160
Supplies and materials	309,548	373,702	64,154	301,109
Other expenditures	11,425	4,508	(6,917)	40,986
Capital outlay	10,700	6,602	(4,098)	25,496
Total expenditures	6,602,973	7,568,413	965,440	7,451,379
Net change in fund balances	$ 650,446	487,370	$ (163,076)	10,691
Fund balances				
Beginning of year, as previously reported		12,801		2,110
Prior period adjustment		103,512		–
Beginning of year, as restated		116,313		2,110
End of year		$ 603,683		$ 12,801

INDEPENDENT SCHOOL DISTRICT NO. 283

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

	2023	2022
Assets		
Cash and temporary investments held for building construction	$ 133,503,293	$ 5,443,047
Accounts and interest receivable	3,024,254	9,074
Total assets	$ 136,527,547	$ 5,452,121
Liabilities		
Salaries payable	$ 40,945	$ –
Accounts and contracts payable	2,901,413	610,713
Total liabilities	2,942,358	610,713
Fund balances		
Restricted for capital projects	133,585,189	786,630
Restricted for long-term facilities maintenance	–	4,054,778
Total fund balances	133,585,189	4,841,408
Total liabilities and fund balances	$ 136,527,547	$ 5,452,121

INDEPENDENT SCHOOL DISTRICT NO. 283

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

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	$ –	$ 4,266,443	$ 4,266,443	$ 28,060
Other	–	31,704	31,704	111,488
Total revenue	–	4,298,147	4,298,147	139,548
Expenditures				
Capital outlay				
Salaries	136,000	407,675	271,675	132,300
Employee benefits	43,635	131,264	87,629	43,402
Purchased services	170,365	5,097,610	4,927,245	1,757,610
Capital expenditures	–	10,133,752	10,133,752	6,656,094
Debt service				
Fiscal charges and other	–	678,225	678,225	–
Total expenditures	350,000	16,448,526	16,098,526	8,589,406
Excess (deficiency) of revenue over expenditures	(350,000)	(12,150,379)	(11,800,379)	(8,449,858)
Other financing sources				
Bonds issued	–	136,000,000	136,000,000	–
Premium on bonds issued	–	4,894,160	4,894,160	–
Total other financing sources	–	140,894,160	140,894,160	–
Net change in fund balances	$ (350,000)	128,743,781	$ 129,093,781	(8,449,858)
Fund balances				
Beginning of year		4,841,408		13,291,266
End of year		$ 133,585,189		$ 4,841,408

INDEPENDENT SCHOOL DISTRICT NO. 283

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

	2023	2022
Assets		
Cash and temporary investments	$ 12,048,691	$ 8,772,634
Receivables		
Current taxes	9,868,692	6,267,472
Delinquent taxes	85,344	96,871
Total assets	$ 22,002,727	$ 15,136,977
Liabilities		
Accounts and contracts payable	$ 950	$ –
Deferred inflows of resources		
Property taxes levied for subsequent year	19,156,512	12,791,566
Unavailable revenue – delinquent taxes	160,161	96,871
Total deferred inflows of resources	19,316,673	12,888,437
Fund balances		
Restricted for debt service	2,685,104	2,248,540
Total liabilities, deferred inflows of resources, and fund balances	$ 22,002,727	$ 15,136,977

INDEPENDENT SCHOOL DISTRICT NO. 283

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

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 12,791,000	$ 12,642,570	$ (148,430)	$ 12,644,583
Investment earnings	–	156,747	156,747	–
Federal sources	–	4,781	4,781	12,627
Total revenue	12,791,000	12,804,098	13,098	12,657,210
Expenditures				
Debt service				
Principal	7,635,000	7,635,000	–	7,180,000
Interest	4,729,471	4,729,471	–	4,970,521
Fiscal charges and other	7,500	3,063	(4,437)	9,828
Total expenditures	12,371,971	12,367,534	(4,437)	12,160,349
Excess of revenue over expenditures	419,029	436,564	17,535	496,861
Other financing sources (uses)				
Transfers in	–	–	–	149,613
Transfers (out)	–	–	–	(149,613)
Total other financing sources (uses)	–	–	–	–
Net change in fund balances	$ 419,029	436,564	$ 17,535	496,861
Fund balances				
Beginning of year		2,248,540		1,751,679
End of year		$ 2,685,104		$ 2,248,540

INDEPENDENT SCHOOL DISTRICT NO. 283

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

	Dental Self-Insurance	Medical Self-Insurance	Other Post-Employment Benefits
Assets			
Current assets			
Cash and temporary investments	$ 471,923	$ 3,749,858	$ –
Cash and investments – held by trustee	–	–	2,168,412
Accounts and interest receivable	–	–	22,126
Prepaid items	–	157,700	–
Total current assets	471,923	3,907,558	2,190,538
Deferred outflows of resources			
OPEB plan deferments	–	–	1,559,264
Liabilities			
Current liabilities			
Claims payable	24,401	287,029	–
Claims incurred, but not reported	12,413	754,024	–
Due to other governmental units	–	4,162	–
Due to other funds	–	–	206,783
Total OPEB liability – due within one year	–	–	613,345
Total current liabilities	36,814	1,045,215	820,128
Long-term liabilities			
Total OPEB liability – due in more than one year	–	–	4,899,253
Total liabilities	36,814	1,045,215	5,719,381
Deferred inflows of resources			
OPEB plan deferments	–	–	1,176,335
Net position			
Unrestricted	$ 435,109	$ 2,862,343	$ (3,145,914)

Totals	
2023	2022
$ 4,221,781	$ 3,641,654
2,168,412	2,327,968
22,126	10,852
157,700	–
6,570,019	5,980,474
1,559,264	829,399
311,430	250,185
766,437	1,236,686
4,162	3,510
206,783	188,432
613,345	328,232
1,902,157	2,007,045
4,899,253	4,739,060
6,801,410	6,746,105
1,176,335	1,010,334
$ 151,538	$ (946,566)

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

	Dental Self-Insurance	Medical Self-Insurance	Other Post-Employment Benefits
Operating revenue			
Contributions from governmental funds	$ 542,416	$ 9,325,172	$ –
Operating expenses			
Dental benefit claims	580,417	–	–
Medical benefit claims	–	8,240,988	–
OPEB	–	–	88,475
Total operating expenses	580,417	8,240,988	88,475
Operating income (loss)	(38,001)	1,084,184	(88,475)
Nonoperating revenue			
Investment earnings (charges)	13,324	86,672	40,400
Change in net position	(24,677)	1,170,856	(48,075)
Net position			
Beginning of year	459,786	1,691,487	(3,097,839)
End of year	$ 435,109	$ 2,862,343	$ (3,145,914)

Totals			
2023		2022	
$	9,867,588	$	10,236,601
	580,417		607,165
	8,240,988		9,210,345
	88,475		88,886
	8,909,880		9,906,396
	957,708		330,205
	140,396		(51,270)
	1,098,104		278,935
	(946,566)		(1,225,501)
$	151,538	$	(946,566)

INDEPENDENT SCHOOL DISTRICT NO. 283

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

	Dental Self-Insurance	Medical Self-Insurance	Other Post-Employment Benefits
Cash flows from operating activities			
Contributions from governmental funds	$ 542,416	$ 9,325,172	$ –
Payments for dental claims	(579,298)	–	–
Payments for medical claims	–	(8,808,159)	–
Payments for OPEB	–	–	(207,033)
Net cash flows from operating activities	(36,882)	517,013	(207,033)
Cash flows from noncapital financing activities			
Payments from (to) other funds	–	–	18,351
Cash flows from investing activities			
Investment income received (paid)	13,324	86,672	29,126
Net change in cash and cash equivalents	(23,558)	603,685	(159,556)
Cash and cash equivalents			
Beginning of year	495,481	3,146,173	2,327,968
End of year	$ 471,923	$ 3,749,858	$ 2,168,412
Presented on statement of net position as follows:			
Cash and temporary investments	$ 471,923	$ 3,749,858	$ –
Cash and investments – held by trustee	–	–	2,168,412
Total cash and cash equivalents	$ 471,923	$ 3,749,858	$ 2,168,412
Reconciliation of operating income (loss) to net cash flows from operating activities			
Operating income (loss)	$ (38,001)	$ 1,084,184	$ (88,475)
Adjustments to reconcile operating income (loss) to cash flows from operating activities			
Changes in assets and liabilities			
Prepaid items	–	(157,700)	–
Deferred outflows of resources	–	–	(729,865)
Total OPEB liability	–	–	445,306
Claims payable	(746)	61,991	–
Unearned revenue	–	–	–
Deferred inflows of resources	–	–	166,001
Claims incurred, but not reported	1,865	(472,114)	–
Due to other governmental units	–	652	–
Net cash flows from operating activities	$ (36,882)	$ 517,013	$ (207,033)

Totals	
2023	2022
$ 9,867,588	$ 9,027,981
(579,298)	(611,970)
(8,808,159)	(8,463,630)
(207,033)	(189,410)
273,098	(237,029)
18,351	(198,918)
129,122	(48,712)
420,571	(484,659)
5,969,622	6,454,281
$ 6,390,193	$ 5,969,622
$ 4,221,781	$ 3,641,654
2,168,412	2,327,968
$ 6,390,193	$ 5,969,622
$ 957,708	$ 330,205
(157,700)	–
(729,865)	(109,322)
445,306	157,124
61,245	122,018
–	(1,208,620)
166,001	(148,326)
(470,249)	619,725
652	167
$ 273,098	$ (237,029)

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