

Special School Board Meeting  
Tuesday, December 20, 2022 6:00 PM

Montevideo Middle School Board Room  
2001 William Avenue  
Montevideo, MN 56265

## **Agenda**

1. Call to Order/Pledge of Allegiance
2. Presentation of the FY22 Audit
3. Discussion of Long-Term Facility Plan
4. Action Items
  - 4.1. Approve FY22 Audit
5. Adjournment

INDEPENDENT SCHOOL DISTRICT NO. 129

MONTEVIDEO, MINNESOTA

FINANCIAL STATEMENTS

JUNE 30, 2022



**DANA F. COLE  
& COMPANY** LLP  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
TABLE OF CONTENTS

	<u>Page</u>
<b>ORGANIZATION</b>	
<b>INDEPENDENT AUDITORS' REPORT</b>	1 - 4
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	5 - 12
<b>FINANCIAL SECTION</b>	
<b>Basic Financial Statements</b>	
<b>District-wide Financial Statements</b>	
Statements of Net Position	13 - 14
Statement of Activities	15 - 16
<b>Fund Financial Statements - Governmental Funds</b>	
Balance Sheet	17 - 18
Reconciliation of the Balance Sheet to the Statements of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances	20 - 21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	22
Statement of Revenue, Expenditures and Changes in Fund Balances Budget and Actual - General Fund	23
Statement of Revenue, Expenditures and Changes in Fund Balances Budget and Actual - Food Service Fund	24
Statement of Revenue, Expenditures and Changes in Fund Balances Budget and Actual - Community Service Fund	25
Statements of Net Position - Custodial Fund	26
Statement of Changes in Net Position - Custodial Fund	26
<b>NOTES TO DISTRICT FINANCIAL STATEMENTS</b>	27 - 70
<b>REQUIRED SUPPLEMENTAL INFORMATION</b>	
Schedule of Changes in the Total Pension Liability	71
Schedule of the Total Pension Liability and related ratios	72
Schedule of Changes in the Total OPEB Liability	73
Schedule of the Total OPEB Liability and Related Ratios	74
Schedule of Employer's Contributions (PERA)	75
Schedule of Employer's Share of Net Pension Liability (PERA)	76
Schedule of Employer's Contributions (TRA)	77
Schedule of Employer's Share of Net Pension Liability (TRA)	78
<b>OTHER SUPPLEMENTAL INFORMATION</b>	
<b>Individual Fund Financial Statements</b>	
General Fund - Comparative Balance Sheets	79
General Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	80 - 84
General Fund - Schedule of Changes in Fund Balance	85

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
TABLE OF CONTENTS

			<u>Page</u>
<b>OTHER SUPPLEMENTAL INFORMATION (Continued)</b>			
Food Service Fund Comparative Balance Sheets			86
Food Service Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual			87 - 88
Community Service Comparative Balance Sheets			89
Community Service Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual			90 - 91
Community Service Fund - Schedule of Changes in Fund Balance			92
Debt Redemption Fund - Comparative Balance Sheets			93
Debt Redemption Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual			94
 <b><u>Schedules and Statistical Data</u></b>			
		<b><u>Schedule Number</u></b>	
General Obligation Capital Facilities Bond, Series 2014A	1		95
General Obligation Alternative Facilities Bond, Series 2014B	1		95
General Obligation Alternative Facilities Refunding Bond, Series 2016A	1		96
General Obligation Capital Facilities and Alternative Facilities Refunding Bond, Series 2018A	1		96
Taxable Valuations, Tax Levies and Tax Rates, Tax Capacity and Tax Capacity Rates as Appropriate	2		97
Schedule of Expenditures of Federal Awards			98 - 99
 <b>ADDITIONAL REPORTS REQUIRED BY GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS AND UNIFORM GUIDANCE</b>			
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standard</i>			100 - 101
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance			102 - 104
 <b>OTHER REQUIRED REPORT AND SCHEDULES</b>			
Schedule of Findings and Questioned Costs			105 - 106
Summary Schedule of Prior Year Audit Findings			107
Independent Auditors' Report on Minnesota Legal Compliance			108
Uniform Financial Accounting and Reporting Standards Compliance Table			109 - 110

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
ORGANIZATION  
YEAR ENDED JUNE 30, 2022

Terms Expire on  
December 31.

SCHOOL BOARD

Andrew Stenson, Chairperson	2022
Joe Helgeson, Vice Chairperson	2022
Tyler Sachariason, Treasurer	2024
Kelly Snell, Clerk	2022
Travis Birhanzi, Director	2024
Becky Pauling, Director	2024

SUPERINTENDENT

Wade McKittrick	Appointed
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**DANA F. COLE  
& COMPANY** LLP  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Independent School District No. 129  
Montevideo, Minnesota

### Report on the Audit of Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 129, Montevideo, Minnesota, as of and for the year ended June 30, 2022, 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 Independent School District No. 129, Montevideo, Minnesota, as of June 30, 2022, and the respective changes in financial position and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Independent School District No. 129, Montevideo, Minnesota and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of 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

Independent School District No. 129, Montevideo, Minnesota's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' 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 auditors' 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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amount 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 Independent School District No. 129, Montevideo, Minnesota'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 Independent School District No. 129, Montevideo, Minnesota'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.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 to 12, and pension information on pages 71 to 78 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 Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Independent School District No. 129, Montevideo, Minnesota's basic financial statements. The individual major fund financial statements on pages 79 to 94 and schedules and statistical tables on pages 95 to 97 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and were 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 individual major fund financial statements, schedules and statistical tables, and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

### *Other Information*

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' 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

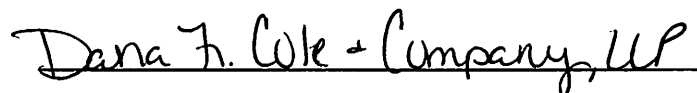
the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we concluded that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, Independent School District No. 129, Montevideo, Minnesota's basic financial statements for the year ended June 30, 2021, which are not presented with the accompanying financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The supplementary information on pages 79 to 94 related to the 2021 financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2021 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 2021 supplementary information is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2022, on our consideration of Independent School District No. 129, Montevideo, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Montevideo, Minnesota  
December 13, 2022



**INDEPENDENT SCHOOL DISTRICT NO. 129 – MONTEVIDEO, MINNESOTA  
MANAGEMENT’S DISCUSSION AND ANALYSIS**

As management of Independent School District No. 129, Montevideo, Minnesota (District), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. Please read it in conjunction with the District’s financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for 2022 are as follows:

- In total, net position increased \$1,549,387, which represents a 17% increase from fiscal year 2021 net position.
- General revenues accounted for \$13,605,226 in revenue or 57% of all revenues. Program specific revenues in the forms of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$10,328,982 or 43% of total revenues of \$23,934,208.
- Total assets decreased \$246,597, current assets increased \$443,300, net capital assets decreased by \$592,452, and restricted assets decreased by \$97,445. Accumulated depreciation increased by \$1,138,757 from fiscal year 2021.
- The School District had \$22,384,821 in expenses. Of these expenses \$10,328,982 were offset by program specific charges for services, grants or contributions, and general revenues, primarily state sources covered \$12,055,839 of expenses. The remaining expenses relate to the PERA and TRA pension expense, which is discussed later in the MD&A.
- Among major funds, the General Fund had \$19,738,144 in revenues and other financing sources and \$20,048,093 in expenditures. The General Fund’s fund balance decreased \$309,949 from fiscal year 2021.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The Statements of Net Position and the Statement of Activities (on pages 13-16) provide information about the activities of the District as a whole and present a longer-term view of the District’s finances. Fund financial statements start on page 17. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District’s operations in more detail than the government-wide statements by providing information about the District’s most financially significant funds.

**Statements of Net Position and the Statement of Activities**

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all the financial statements and attempts to convey to the public how the district fared financially during the fiscal year ended June 30, 2022. The Statements of Net Position and the Statement of Activities will show this.

**INDEPENDENT SCHOOL DISTRICT NO. 129 – MONTEVIDEO, MINNESOTA  
MANAGEMENT’S DISCUSSION AND ANALYSIS**

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when the cash is actually received or paid.

These two statements report the School District’s net position and change in net position. This change in net position is important because it tells the public that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District’s enrollment, property tax base, legislative funding and mandates, facility and technology needs, and other factors.

In the Statements of Net Position and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of a school district’s programs and services are reported including, but not limited to, instruction, support services, food services, operation and maintenance of facilities, pupil transportation, and extracurricular activities. The School District does not have any business-like activities.

**Fund Financial Statements**

The analysis of the School District’s major funds will follow this report. Fund financial reports provide detailed information about the School District’s major funds. The School District’s major governmental funds are as follows:

General Fund	Food Service Fund
Community Education	Debt Service

**Governmental Funds**

The School District’s activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District’s general government operations and the basic services it provides. Governmental fund information helps us determine whether there are more or fewer financial resources that can be spent in the near future to finance our educational programs. The relationship (or differences) between governmental activities (reported in the Statements of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 129 – MONTEVIDEO, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

**Fiduciary Fund**

The District is the trustee, or fiduciary, for assets that belong to others. The District is responsible for ensuring that only those to whom the assets belong use the assets reported in these funds and use for the intended purpose. The District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

The Statements of Net Position and Changes in Net Position provide perspective of the School District as a whole.

Table 1 provides a summary of the School District's net position for FY 2022 compared to FY 2021. Explanations for significant changes are noted after Table 2.

**Table 1**  
**Net Position**

	<u>FY 2022</u>	<u>FY 2021</u>
<b>Assets</b>		
Current assets	6,615,678	6,172,378
Restricted assets	422,547	519,992
Capital assets	<u>12,171,038</u>	<u>12,763,490</u>
Total assets	<u>19,209,263</u>	<u>19,455,860</u>
<b>Deferred outflows of resources</b>	<u>6,299,563</u>	<u>6,794,541</u>
<b>Liabilities</b>		
Long-term liabilities	13,197,457	19,945,607
Other liabilities	<u>3,073,645</u>	<u>2,675,813</u>
Total liabilities	<u>16,271,102</u>	<u>22,621,420</u>
<b>Deferred inflows of resources</b>	<u>16,794,363</u>	<u>12,735,007</u>
<b>Net position</b>		
Net investment in capital assets	8,816,038	8,149,699
Restricted	2,392,472	1,687,730
Unrestricted	<u>(18,765,149)</u>	<u>(18,943,455)</u>
Total net position	<u>(7,556,639)</u>	<u>(9,106,026)</u>

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Table 2  
Changes in Net Position

	FY 2022	FY 2021
Revenues		
Program revenues:		
Charges for services	2,195,234	1,437,225
Operating grants & contributions	7,749,406	8,018,733
Capital grants & contributions	384,342	337,393
General revenues:		
Interest earnings	6,853	19,500
Local sources	2,506,077	2,461,380
Other local revenues	263,185	205,959
State sources	10,829,111	11,011,273
Total revenues	<u>23,934,208</u>	<u>23,491,463</u>
Program expenses		
Administration	1,175,482	1,564,792
District support services	469,992	465,426
Elementary & secondary regular instr.	8,505,303	8,320,260
Vocational educational instruction	258,997	232,076
Special education instruction	3,695,361	4,072,072
Community education & recreation	1,387,574	1,369,051
Instructional support services	1,060,859	1,113,975
Pupil support services	2,459,092	2,189,685
Sites and buildings	2,938,490	2,729,105
Fiscal and other fixed cost programs	433,671	1,076,288
Loss on disposal of assets		25,200
Total expenses	<u>22,384,821</u>	<u>23,157,930</u>
Change in net position	1,549,387	333,533
Net position, beginning	<u>(9,106,026)</u>	<u>(9,439,559)</u>
Net position, ending	<u><u>(7,556,639)</u></u>	<u><u>(9,106,026)</u></u>

**INDEPENDENT SCHOOL DISTRICT NO. 129 – MONTEVIDEO, MINNESOTA  
MANAGEMENT’S DISCUSSION AND ANALYSIS**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)**

Due to significant changes in actuarial assumptions related to the State Teachers Retirement Association (TRA) and MN Public Employees Retirement Association (PERA), the calculated amounts for the District’s TRA and PERA pension reporting caused significant changes to the Statement of Net Position, as well as the Statement of Changes in Net Position, when compared to June 30, 2021, as follows:

	<u>TRA</u>	<u>PERA</u>	<u>Total</u>
Deferred outflows increase (decrease) from FY21	(1,930,950)	1,321,255	(609,695)
Deferred inflows increase (decrease) from FY21	2,292,909	1,917,303	4,210,212
Net pension liability change from FY21	(4,687,779)	(757,384)	(5,445,163)
Pension expense - GASB 68	(463,920)	(161,336)	(625,256)

Net position increased \$1,549,387, due to the combination of an increase in revenue and a decrease in expenses over prior year, mainly related to a decrease in OPEB expenses.

Revenues for FY2022 increased in total \$442,745, mainly due to an increase in student activity revenue. Expenses decreased by \$773,108, mainly due to a decrease in OPEB expenses.

GASBS 68 requires the District to recognize assigned portions of the unfunded pension liabilities of TRA and PERA, even though they are separate legal entities from the District. The combined liability that the District must record for those entities is \$9,017,132 as of June 30, 2022. Inclusion of the TRA and PERA net pension liability and related accounts, contributes to the District’s negative net position of \$7,556,639 at June 30, 2022. Factoring in the related deferred inflows and outflows, under pre-GASBS 68 accounting rules, the District would have a positive net position of approximately \$11M.

Administration expenses include the activities of the Board of Education, Office of the Superintendent and school administration.

District support services include the expenses related to the administrative and financial activities of the school district.

Community Education and Services are those activities involving enrichment activities for district residents that are not part of the regular K-12 education program. This includes Early Childhood Family Education, School Readiness, Adult Basic Education, Kids Korner After School Childcare program, Small World Nursery School, Little Thunderhawks and other adult and youth recreation and enrichment programs.

Regular, Vocational and Special Education Instruction relate to the activities directly dealing with the teaching of students and the interaction between instructional staff and pupils.

Instructional Support Service are those services which provide for curriculum development, educational media and technology activities, staff development, and cooperative programs with other school districts through the Minnesota River Valley Education Districts.

**INDEPENDENT SCHOOL DISTRICT NO. 129 – MONTEVIDEO, MINNESOTA  
MANAGEMENT’S DISCUSSION AND ANALYSIS**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)**

Pupil Support Services are primarily the activities of School Food Service and Pupil Transportation. Also included here are student health and counseling services.

Site, Buildings and Maintenance involve keeping the school grounds, buildings and equipment in effective working condition.

Fiscal and Other Fixed Cost Programs include payment for both current and long-term debt principal and interest payments. Cost of district property and liability insurance is included in this area also.

Sixty percent (60%) of the district’s total expenses are funded by unrestricted state aids and levies, making the school district’s financial decisions subject to the economic and legislative conditions of the State of Minnesota.

**FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS  
(FUND FINANCIAL STATEMENTS)**

The financial performance of the District as a whole is reflected in its governmental funds as well. As the district completed the year, its governmental funds reported a combined fund balance of \$2,612,648. This was down from \$2,615,456 at the end of the prior year, a decrease of \$2,808. Revenues of the District’s governmental funds totaled \$23,942,822 while total expenditures were \$23,945,630. A summary of the revenues and expenditures reported on the governmental fund financial statements appears on the following table:

**Revenues and Expenditures - Governmental Funds 2022**

	Revenues	Expenditures	Increase/ (Decrease)	Fund Balance 6/30/2022
General fund	19,738,144	20,048,093	(309,949)	1,860,578
Food service fund	1,486,376	1,124,284	362,092	757,508
Community service fund	1,478,675	1,426,151	52,524	(160,125)
Debt service fund	1,239,627	1,347,102	(107,475)	154,687
<b>Total</b>	<b>23,942,822</b>	<b>23,945,630</b>	<b>(2,808)</b>	<b>2,612,648</b>

**INDEPENDENT SCHOOL DISTRICT NO. 129 – MONTEVIDEO, MINNESOTA  
MANAGEMENT’S DISCUSSION AND ANALYSIS**

**FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS (Continued)**

**Revenues and Expenditures - Governmental Funds 2021**

	Revenues	Expenditures	Increase/ (Decrease)	Fund Balance 6/30/21
General fund	19,819,729	19,509,405	310,324	2,170,527
Food service fund	997,450	898,128	99,322	395,416
Community service fund	1,268,170	1,337,110	(68,940)	(212,649)
Debt service fund	1,316,832	1,354,415	(37,583)	262,162
<b>Total</b>	<b>23,402,181</b>	<b>23,099,058</b>	<b>303,123</b>	<b>2,615,456</b>

**GENERAL FUND BUDGETING HIGHLIGHTS**

The School District’s budget is prepared according to state law and school board policies. The most significant budgeted fund is the General Fund, which accounts for 84% of the total expenditures. The Board of Education approved the 2021-2022 General Fund budget in June 2021, with revenues projected at \$21,007,262 and expenditures at \$20,422,668, a variance of \$584,594 excess revenues over expenditures. In June 2022, the District amended the budget and increased the total revenues by \$328,467 to \$21,335,729 and increased expenditures by \$200,131 to \$20,622,799 which left an excess of revenues over expenditures of \$712,930. The actual variance of revenues under expenditures at June 30, 2022 was \$309,949. Variances are caused simply by over or under estimation of the numerous revenue and expenditure line items.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital Assets

At the end of the 2021-2022 school year, the District had \$12,171,038, net of depreciation, invested in a broad range of capital assets, including equipment, buildings, land, and land improvements. (See Note 5). During the current year, \$660,966 was added to capital assets. Depreciation expense for the year was \$1,253,418 for governmental activities.

Debt

The district has four debt service issues outstanding at June 30, 2022.

General Obligation Capital Facilities Bonds, Series 2014A were issued in 2014 for a guaranteed energy savings project at the Middle School.

General Obligation Alternative Facilities Bonds, Series 2014B were issued in 2014 for the Middle School dehumidification project.

General Obligation Alternative Facilities Refunding Bonds, Series 2016A were issued in 2016 for the refunding of the Series 2007A Bonds in February 2017.

**INDEPENDENT SCHOOL DISTRICT NO. 129 – MONTEVIDEO, MINNESOTA  
MANAGEMENT’S DISCUSSION AND ANALYSIS**

**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

Debt (Continued)

General Obligation Capital Facilities and Alternative Refunding Bonds, Series 2018A were issued in 2018 for the refunding of the 2009A Bonds in February 2019.

	2022	2021
Capital facilities bonds - 2014A	160,000	180,000
Alternative facilities bonds - 2014B	2,375,000	2,375,000
Alternative facilities refunding bonds - 2016A	700,000	1,035,000
Capital facilities and Alternative facilities refunding bonds - 2018A	120,000	980,000
Governmental lease purchase #1		28,034
Governmental lease purchase #2		15,757
<b>Totals</b>	<b>3,355,000</b>	<b>4,613,791</b>

**CURRENT FINANCIAL ISSUES AND CONCERNS**

At June 30, 2022, the Montevideo School District had a negative unrestricted fund balance of \$70,633. The unrestricted fund balance is the amount of fund balance in committed, assigned, and unassigned fund balances in the general fund along with any negative unassigned fund balances from other funds. The school district will strive to maintain a minimum unassigned general fund balance of five percent of the annual expenditure budget. The Board of Education and the administration are committed to maintaining a positive financial environment for the residents of the Montevideo School District. Our system of financial planning, budgeting, and internal financial controls are well organized, and will prepare us to meet the financial challenges that lie ahead.

**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District’s citizens, taxpayers, investors, and creditors with a general overview of the School District’s finances and to show the School District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact Wade McKittrick, Superintendent, or Adam Spray, Chief School Business Official, at Montevideo Public Schools, 2001 William Avenue, Montevideo, MN 56265, telephone (320) 269-8833 extension 2126.

**FINANCIAL SECTION**

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
 STATEMENTS OF NET POSITION  
 JUNE 30, 2022 AND 2021

	Governmental Activities	
	2022	2021
<b>CURRENT ASSETS</b>		
Cash and temporary investments	3,832,658	2,693,463
Receivables		
Current taxes	1,427,207	1,457,562
Delinquent taxes	10,765	18,419
Accounts and interest receivable	14,530	26,458
Due from other governmental units	1,066,058	1,958,113
Inventory	37,075	14,427
Prepaid expenses	227,385	3,936
Total current assets	6,615,678	6,172,378
<b>RESTRICTED ASSETS</b>		
Cash and investments for debt service	422,547	519,992
Total restricted assets	422,547	519,992
<b>CAPITAL ASSETS</b>		
Nondepreciable	150,539	150,539
Depreciable	39,727,413	39,181,108
Less: accumulated depreciation	(27,706,914)	(26,568,157)
Total capital assets, net of depreciation	12,171,038	12,763,490
<b>TOTAL ASSETS</b>	19,209,263	19,455,860
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to severance/OPEB	416,044	301,327
Deferred outflows related to PERA/TRA	5,883,519	6,493,214
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	6,299,563	6,794,541
<b>CURRENT LIABILITIES</b>		
Salaries and benefits payable	755,490	482,350
Accounts payable	435,270	293,955
Accrued interest payable	33,933	51,110
Due to other governmental units	638,318	589,607
Current portion of long-term liabilities	1,210,634	1,258,791
Total current liabilities	3,073,645	2,675,813
<b>LONG-TERM LIABILITIES</b>		
Bonds payable	3,401,150	4,646,695
Energy capital lease		43,791

See accompanying notes to financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
STATEMENTS OF NET POSITION  
JUNE 30, 2022 AND 2021

	Governmental Activities	
	2022	2021
<b>LONG-TERM LIABILITIES (CONTINUED)</b>		
OPEB - total liability	1,746,157	1,747,626
Severance - total pension liability	173,018	236,170
Net pension liability - TRA/PERA	9,017,132	14,462,295
Vacation payable	70,634	67,821
Less: current portion	(1,210,634)	(1,258,791)
Total long-term liabilities	13,197,457	19,945,607
<b>TOTAL LIABILITIES</b>	<b>16,271,102</b>	<b>22,621,420</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to PERA/TRA	13,998,373	9,788,161
Deferred inflows related to Severance/OPEB	210,256	254,263
Property taxes levied for subsequent year's expenditures	2,585,734	2,692,583
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>16,794,363</b>	<b>12,735,007</b>
<b>NET POSITION</b>		
Net investment in capital assets	8,816,038	8,149,699
Restricted for:		
Operating capital	143,149	26,554
Artist grant	1,000	1,500
Safe schools	13,410	30,332
Basic skills		3,057
Basic skills - extended time	28,488	28,488
Long-term facilities maintenance	952,207	876,326
Bond & loan repayments	154,687	262,162
Community education	(282,272)	(358,664)
Community service	(8,537)	(3,759)
ECFE	96,665	88,086
School readiness	15,550	43,294
Adults with disabilities	15,348	15,273
Toddler playground	625	625
Food service	720,433	380,989
Student Activities	132,273	140,102
Scholarships	133,749	107,155
ESSER		10,800
Achievement and integration	11,237	17,047
Other	264,460	18,363
Unrestricted	(18,765,149)	(18,943,455)
<b>TOTAL NET POSITION</b>	<b>(7,556,639)</b>	<b>(9,106,026)</b>

See accompanying notes to financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022  
(WITH PARTIAL COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

Functions/Programs	2022				2021	
	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Governmental Activities
<b>Governmental Activities</b>						
Administration	1,175,482		2,500	(1,172,982)	(1,559,792)	
District support services	469,992			(469,992)	(465,426)	
Elementary and secondary regular instruction	8,505,303	691,593	3,184,543	(4,629,167)	(4,210,147)	
Vocational education instruction	258,997	1,351	22,297	(235,349)	(199,823)	
Special education instruction	3,695,361	344,100	2,333,233	(1,018,028)	(1,511,812)	
Instructional support services	1,060,859	61,998		(998,861)	(1,075,923)	
Pupil support services	1,334,808		154,565	53,523	(1,126,720)	
Sites and buildings	2,938,490		5,000	330,819	(2,602,671)	
Fiscal and other fixed cost programs	347,992			(347,992)	(947,514)	
Food service	1,124,284	28,772	1,457,141	361,629	98,531	
Community service	1,387,574	1,067,420	236,208	(83,946)	(243,465)	
Interest and fiscal charges on long term debt	85,679		353,919	268,240	290,990	
Loss on disposal of assets					(25,200)	
<b>Total governmental activities</b>	<b>22,384,821</b>	<b>2,195,234</b>	<b>7,749,406</b>	<b>384,342</b>	<b>(12,055,839)</b>	<b>(13,364,579)</b>

See accompanying notes to financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022  
(WITH PARTIAL COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

Functions/Programs	2022				2021
	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
General revenues:					
Taxes					
Property taxes, levied for general purposes				1,738,620	1,703,590
Property taxes, levied for community service				175,127	143,351
Property taxes, levied for debt service				592,330	614,439
State aid - formula grants				10,829,111	11,011,273
Other general revenue				263,185	205,959
Investment earnings				6,853	19,500
Total general revenues				<u>13,605,226</u>	<u>13,698,112</u>
CHANGE IN NET POSITION				1,549,387	333,533
NET POSITION - beginning of year				<u>(9,106,026)</u>	<u>(9,439,559)</u>
NET POSITION - end of year				<u><u>(7,556,639)</u></u>	<u><u>(9,106,026)</u></u>

See accompanying notes to financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022  
(WITH PARTIAL COMPARATIVE INFORMATION AS OF JUNE 30, 2021)

	General	Food Service	Community Service	Debt Service	Total Governmental Funds	
					2022	2021
<b>ASSETS</b>						
Petty cash	7,000				7,000	7,000
Equity in pooled cash and investments	3,239,586	519,698	66,374	422,547	4,248,205	3,206,455
Current property taxes receivable	825,046		94,415	507,746	1,427,207	1,457,562
Delinquent property taxes receivable	7,422		723	2,620	10,765	18,419
Due from other governments	807,145	231,117	12,877	14,919	1,066,058	1,958,113
Due from other funds						34,872
Other receivables	11,383	332			11,715	17,021
Interest receivables	2,815				2,815	9,437
Inventory		37,075			37,075	14,427
Prepaid expenses	224,889		2,496		227,385	3,936
<b>TOTAL ASSETS</b>	<b>5,125,286</b>	<b>788,222</b>	<b>176,885</b>	<b>947,832</b>	<b>7,038,225</b>	<b>6,727,242</b>
<b>LIABILITIES</b>						
Accounts payable	402,506	1,253	31,511		435,270	293,955
Salaries payable	138,279	13,290	107,250		258,819	235,164
Due to other funds						34,872
Due to other governments	622,147	16,171			638,318	589,607
Payroll deductions and employer	496,671				496,671	247,186
<b>Total liabilities</b>	<b>1,659,603</b>	<b>30,714</b>	<b>138,761</b>		<b>1,829,078</b>	<b>1,400,784</b>

See accompanying notes to financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022  
(WITH PARTIAL COMPARATIVE INFORMATION AS OF JUNE 30, 2021)

	General	Food Service	Community Service	Debt Service	Total Governmental Funds	
					2022	2021
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unearned revenue - delinquent taxes	7,422		723	2,620	10,765	18,419
Property taxes levied for subsequent years	1,597,683		197,526	790,525	2,585,734	2,692,583
<b>Total deferred inflows of resources</b>	<b>1,605,105</b>		<b>198,249</b>	<b>793,145</b>	<b>2,596,499</b>	<b>2,711,002</b>
<b>FUND BALANCES</b>						
Nonspendable	224,889	37,075	2,496		264,460	18,363
Restricted	1,415,513	720,433	128,188	154,687	2,418,821	2,031,790
Assigned	11,463				11,463	14,916
Unassigned	208,713		(290,809)		(82,096)	550,387
<b>Total fund balances</b>	<b>1,860,578</b>	<b>757,508</b>	<b>(160,125)</b>	<b>154,687</b>	<b>2,612,648</b>	<b>2,615,456</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>5,125,286</b>	<b>788,222</b>	<b>176,885</b>	<b>947,832</b>	<b>7,038,225</b>	<b>6,727,242</b>

See accompanying notes to financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENTS OF NET POSITION  
 JUNE 30, 2022 AND 2021

	2022	2021
Total fund balance, governmental funds	2,612,648	2,615,456
 Amounts reported for governmental activities in the Statements of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statements of Net Position.		
Cost of capital assets	39,877,952	39,331,647
Less: accumulated depreciation	(27,706,914)	(26,568,157)
 Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and therefore, are not included in the fund financial statement, but are included in the governmental activities of the Statements of Net Position.		
Bonds payable	(3,401,150)	(4,646,695)
Energy capital lease		(43,791)
Compensated absences, pensions, OPEB and deferred inflows/outflows related to pensions/OPEB	(18,916,007)	(19,761,795)
Governmental funds do not report a liability for accrued interest until due and payable	(33,933)	(51,110)
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds	10,765	18,419
Net position of governmental activities in the statements of net position	(7,556,639)	(9,106,026)

See accompanying notes to financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022  
(WITH PARTIAL COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	General	Food Service	Community Service	Debt Service	Total Governmental Funds	
					2022	2021
<b>REVENUES</b>						
Local sources						
Property taxes	1,745,177		175,071	593,483	2,513,731	2,459,237
Interest earnings	6,119	463		657	7,239	21,469
Other	1,290,552	28,772	1,112,180		2,431,504	1,555,255
State sources	15,715,338	23,649	166,324	645,487	16,550,798	16,800,854
Federal sources	926,858	1,433,492	25,100		2,385,450	2,561,612
Total revenues	<u>19,684,044</u>	<u>1,486,376</u>	<u>1,478,675</u>	<u>1,239,627</u>	<u>23,888,722</u>	<u>23,398,427</u>
<b>EXPENDITURES</b>						
Current						
Administration	1,218,048				1,218,048	1,467,035
District support services	502,646				502,646	462,484
Elementary/secondary regular instruction	8,896,677				8,896,677	8,725,950
Vocational education instruction	258,997				258,997	232,076
Special education instruction	3,840,018				3,840,018	3,791,382
Instructional support services	941,972				941,972	915,421
Pupil support services	1,318,826				1,318,826	1,273,959
Sites and buildings	1,827,344				1,827,344	1,637,287
Fiscal and other fixed cost programs	347,992				347,992	233,796
Food service		1,124,284			1,124,284	898,128
Community service			1,423,651		1,423,651	1,337,110
Capital outlay	850,483		2,500		852,983	696,198

See accompanying notes to financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022  
(WITH PARTIAL COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	General	Food Service	Community Service	Debt Service	Total Governmental Funds	
					2022	2021
EXPENDITURES (Continued)						
Debt service						
Principal	43,791			1,215,000	1,258,791	1,259,039
Interest and fiscal charges	1,299			132,102	133,401	169,193
Total expenditures	<u>20,048,093</u>	<u>1,124,284</u>	<u>1,426,151</u>	<u>1,347,102</u>	<u>23,945,630</u>	<u>23,099,058</u>
REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES	(364,049)	362,092	52,524	(107,475)	(56,908)	299,369
OTHER FINANCING SOURCES						
Insurance recoveries	54,100				54,100	3,754
Total other financing sources	<u>54,100</u>				<u>54,100</u>	<u>3,754</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	(309,949)	362,092	52,524	(107,475)	(2,808)	303,123
FUND BALANCE (DEFICIT) - beginning	<u>2,170,527</u>	<u>395,416</u>	<u>(212,649)</u>	<u>262,162</u>	<u>2,615,456</u>	<u>2,312,333</u>
FUND BALANCE (DEFICIT) - ending	<u>1,860,578</u>	<u>757,508</u>	<u>(160,125)</u>	<u>154,687</u>	<u>2,612,648</u>	<u>2,615,456</u>

See accompanying notes to financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS  
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Net change in fund balances - total governmental funds:	(2,808)	303,123
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources and report proceeds of capital assets as revenues. In contrast, the Statement of Activities reports only a portion of the outlay as expense as the outlay is allocated over the assets' estimated useful lives as depreciation expense for the period, and the proceeds from sale are used to calculate the gain or loss on sale, which is reported on the Statement of Activities.</p>		
Capital outlay	660,966	527,490
Depreciation expense	(1,253,418)	(1,219,583)
Loss on disposal of fixed assets		(25,200)
Proceeds on disposal of fixed assets		(9,017)
<p>Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.</p>		
Bond and capital lease repayments	1,258,791	1,259,039
Amortization of bond premium/discount	30,545	26,939
<p>Interest payable reported in the statement of net assets does not require the use of current financial resources and therefore is not reported as an expenditure in governmental funds until actually due.</p>		
	17,177	13,480
<p>Compensated absences, severance and other postemployment benefits reported in the statement of net assets do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds until actually due.</p>		
	845,788	(544,881)
<p>Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.</p>		
	(7,654)	2,143
Change in net position of governmental activities	1,549,387	333,533

See accompanying notes to financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual
	Original	Final	
<b>REVENUES</b>			
Local sources			
Property taxes	1,782,482	1,789,482	1,745,177
Interest earnings	10,000	10,000	6,119
Other	1,151,948	1,215,385	1,290,552
State sources	16,952,611	17,203,862	15,715,338
Federal sources	1,110,221	1,117,000	926,858
<b>TOTAL REVENUES</b>	<b>21,007,262</b>	<b>21,335,729</b>	<b>19,684,044</b>
<b>EXPENDITURES</b>			
Current			
Administration	1,119,589	1,191,279	1,218,048
District support services	461,448	462,734	502,646
Elementary/secondary regular instruction	9,434,377	9,513,734	8,896,677
Vocational education instruction	282,242	286,556	258,997
Special education instruction	4,147,683	4,171,381	3,840,018
Instructional support services	745,763	816,098	941,972
Pupil support services	1,182,908	1,328,584	1,318,826
Sites and buildings	1,777,861	1,777,678	1,827,344
Fiscal and other fixed cost programs	170,482	201,047	347,992
Debt service	45,090	45,090	45,090
Capital outlay	1,055,225	828,618	850,483
<b>TOTAL EXPENDITURES</b>	<b>20,422,668</b>	<b>20,622,799</b>	<b>20,048,093</b>
<b>REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES</b>	<b>584,594</b>	<b>712,930</b>	<b>(364,049)</b>
<b>OTHER FINANCING SOURCES</b>			
Insurance recoveries			54,100
<b>TOTAL OTHER FINANCING SOURCES</b>			<b>54,100</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</b>	<b>584,594</b>	<b>712,930</b>	<b>(309,949)</b>
FUND BALANCE, beginning of year			2,170,527
FUND BALANCE, end of year			1,860,578

See accompanying notes to financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FOOD SERVICE FUND  
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Local sources			
Interest earnings			463
Sales and other revenues	279,900	36,800	28,772
State sources	73,500	4,500	23,649
Federal sources	595,000	1,075,000	1,433,492
TOTAL REVENUES	948,400	1,116,300	1,486,376
EXPENDITURES			
Current			
Food service	957,808	1,036,575	1,124,284
Capital expenditures	10,000	10,000	
TOTAL EXPENDITURES	967,808	1,046,575	1,124,284
REVENUES OVER (UNDER) EXPENDITURES	(19,408)	69,725	362,092
FUND BALANCE, beginning of year			395,416
FUND BALANCE, end of year			757,508

See accompanying notes to financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**COMMUNITY SERVICE FUND**  
**YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual
	Original/Final		
<b>REVENUES</b>			
Local sources			
Property taxes	158,131		175,071
Other	1,035,880		1,112,180
State sources	162,067		166,324
Federal sources			25,100
<b>TOTAL REVENUES</b>	<b>1,356,078</b>		<b>1,478,675</b>
 <b>EXPENDITURES</b>			
Current			
Community service	1,359,361		1,423,651
Capital outlay	2,500		2,500
<b>TOTAL EXPENDITURES</b>	<b>1,361,861</b>		<b>1,426,151</b>
 <b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(5,783)</b>		<b>52,524</b>
 <b>FUND BALANCE (DEFICIT), beginning of year</b>			<b>(212,649)</b>
 <b>FUND BALANCE (DEFICIT), end of year</b>			<b>(160,125)</b>

See accompanying notes to financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
 STATEMENTS OF NET POSITION - CUSTODIAL FUND  
 JUNE 30, 2022 AND 2021

	2022	2021
<b>ASSETS</b>		
Equity in pooled cash and investments	<u>3,430,121</u>	<u>3,442,721</u>
<b>NET POSITION</b>		
Fiduciary net position - held for others	<u>3,430,121</u>	<u>3,442,721</u>

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
 STATEMENT OF CHANGES IN NET POSITION - CUSTODIAL FUND  
 JUNE 30, 2022 AND 2021

	2022	2021
<b>ADDITONS:</b>		
Local and county sources	1,793,518	1,835,042
State sources	666,179	674,162
Federal sources	597,816	645,911
Total additions	<u>3,057,513</u>	<u>3,155,115</u>
<b>DEDUCTIONS:</b>		
General government	2,708,524	2,653,313
Community service	361,589	200,732
Total deductions	<u>3,070,113</u>	<u>2,854,045</u>
<b>CHANGE IN NET POSITION</b>	(12,600)	301,070
<b>NET POSITION, BEGINNING OF THE YEAR</b>	<u>3,442,721</u>	<u>3,141,651</u>
<b>NET POSITION, END OF THE YEAR</b>	<u>3,430,121</u>	<u>3,442,721</u>

See accompanying notes to financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Independent School District No. 129 have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies are described below:

**A. REPORTING ENTITY**

The District receives funding from local, state, and federal government sources and must comply with the accompanying requirements of these funding source entities. The District is not included in any other governmental "reporting entity" as defined in Section 2100 of Codification of Governmental Accounting and Financial Reporting Standards, since board members are elected by the public and have decision-making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters. The District has no component units over which it exercises financial accountability as defined by *Government Auditing Standards*.

**B. BASIC FINANCIAL STATEMENT PRESENTATION**

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

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

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Depreciation expense can be specifically identified by function and is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

As a general rule, the effect of inter-fund activity has been eliminated from the district-wide financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIC FINANCIAL STATEMENT PRESENTATION (Continued)

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

Description of Funds

The existence of the various District funds has been established by the State of Minnesota, Department of Education. Each fund is accounted for as an independent entity. A description 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. It includes the general operations and pupil transportation activities of the district, as well as the capital related activities.

Food Service Special Revenue Fund - The Food Service Fund is used to account for food service revenues and expenditures. Revenue in this fund comes from Federal and State grants and also from sales to students and adults.

Community Service Special Revenue Fund - The Community Service Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, adult or early childhood programs, K-6 extended day programs, or other similar services. Revenues in this fund come mainly from the State and also from fees charged to the community for programs.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and payment of general obligation bonds and state energy loan principal, interest, and related costs. The General Obligation Bond Debt Service Fund is used for the debt service on the general obligation bonds.

Fiduciary Fund

Custodial Fund - The Custodial Fund is used to account for the activity related to Minnesota River Valley Education District (MRVED). Independent School District No. 129 acts as a fiscal agent for MRVED.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Revenues

Governmental fund revenues are recognized in the accounting period in which they become susceptible to accrual; that is, when they become both measurable and available to finance the expenditures of the fiscal period. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues for nonexchange transactions are recognized based on the principal characteristics of the revenue. Exchange transactions are recognized as revenue when the exchange occurs.

Nonexchange Transactions

Imposed nonexchange transactions result from assessments by governments on nongovernmental entities and individuals. Property taxes are imposed nonexchange transactions. Revenues from property taxes are recognized in the period for which they were levied, to the extent they are collected in the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes receivable which are not available, are reported as deferred revenue and will be recognized as revenue in the fiscal year that they become available. The District considers these revenues as available if they are collected within 60 days after year-end.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Government-mandated nonexchange transactions occur when a government at one level provides resources to a government at another level and requires that government to use them for a specific purpose. The provider government establishes purpose restrictions and may also establish time requirements. Federal and state grants mandating the District perform particular programs are government-mandated nonexchange transactions. Revenues are recognized when the eligibility and time requirements are met, usually when the corresponding expenditure is incurred, using the guidelines of the legal and contractual requirements of the individual programs.

Voluntary nonexchange transactions result from legislative or contractual agreements, such as grants, entitlements, appropriations, and donations. The provider may establish purpose restrictions and eligibility requirements. Revenues are recognized in the year to which they apply according to statute or contract. Gifts and contributions from individuals and miscellaneous revenue are also considered voluntary nonexchange transactions, and they are generally recognized when received in cash because they are not measurable until received. Tax credits paid by the state (included in intergovernmental revenue) are recognized as revenue in the fiscal year that they become available. The District considers revenues from tax credits paid by the state as available if they are collected within 60 days after year-end.

Exchange Transactions

Exchange transactions include revenues such as interest earned, sales and service fees. Sales, service fees, and interest earned are reported as revenue when they become both measurable and available to finance expenditures of the fiscal period. The District considers these revenues as available if they are collected within 60 days after year-end. Fees are reported as revenue when received in cash, because they are usually not measurable until received.

Expenditures

Expenditures are recorded under the modified accrual method when the fund liability is incurred, except for certain compensated absences, claims, and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The Fiduciary Fund Financial Statement is reported using the economic resources measurement focus and the accrual basis of accounting as described earlier in these notes.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

The District reports unearned revenue on its combined balance sheet. Unearned revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to incurring the qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

D. BUDGETING

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Revisions to the originally adopted budget require approval of the School Board. The budget was amended during the year. Each June, the School Board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service, and Debt Service Fund. Unexpected budget amounts lapse at the end of the budget year.

E. USE OF ESTIMATES

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

F. CASH AND INVESTMENTS

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings on these accounts are allocated to the individual funds based upon the average of month-end cash and investment balances.

Investments are stated at their fair value as determined by quoted market prices, except for money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less which are recorded at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Money market investments are short-term, highly liquid debt instruments including commercial paper, banker's acceptances, and U.S. Treasury and agency obligations. Investments in external investment pools operated in a manner consistent with the SEC's Rule 2a7 of the Investment Act of 1940 are valued at the pool's share price.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. CASH AND INVESTMENTS (Continued)

The District's investment policies are structured to conform to Minnesota Statutes. During fiscal year 2022, the District's investments were comprised of government securities, certificates of deposit, and term series investments whose costs approximate fair value.

G. RESTRICTED ASSETS

Restricted assets are cash and cash equivalent whose use is limited by legal requirements such as a bond indenture. Restricted assets are reported only in the district-wide financial statements.

H. ACCOUNTS RECEIVABLE

Accounts receivable have been adjusted for all known uncollectible accounts. No allowance for bad debts is considered necessary at year end.

I. PROPERTY TAXES RECEIVABLE

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

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as deferred revenue (property taxes levied for subsequent year).

The majority of the revenue in the General Fund is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between property taxes and state aids by the Legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the "tax shift." The current tax shift as mandated by legislation recognizes \$135,271 of the property tax levy collectible in 2022 as revenue in fiscal year 2021-2022. The remaining portion of the taxes collectible in 2022 is recorded as a deferred inflow of resources (property taxes levied for subsequent years expenditures).

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. PROPERTY TAXES RECEIVABLE (Continued)

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 deferred in the fund based financial statements because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes is considered necessary.

J. INVENTORY

Inventory of food and supplies are recorded at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method. Surplus commodities are stated at standardized costs, as determined by the Department of Agriculture.

K. CAPITAL ASSETS

Capital assets, which include land, buildings and equipment, are recorded in the district-wide financial statements, but not reported in the fund financial statements. Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair value at the date of donation. The District maintains a threshold level of \$2,000 for capitalizing capital assets. 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 depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purpose. Useful lives vary from 6 to 40 years for land improvements and buildings, and 3 to 20 years for equipment. Capital assets not being depreciated include land. The District does not possess any material amounts of infrastructure capital assets. Items such as sidewalks and other land improvements are considered to be part of the cost of buildings or other improvable property.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. COMPENSATED ABSENCES

Employees' vacation benefits are recognized in the period earned. Employees are granted vacation days at various rates and accumulations. Sick leave is also earned at various rates with a maximum accumulation of 30 to 100 days. Leave time costs are recognized as expenditures when leave time is used. The liability for unused vacation time is recorded in the government wide financial statements. Unused sick leave is not recorded in the financial statements as it is not paid upon termination. The accumulated unused sick pay at June 30, 2022 was approximately \$3,734,000.

M. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until then. The District has several calculations related to PERA, TRA, OPEB and Severance that qualify for reporting in this category.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District's Property Taxes Levied for Subsequent Year's Expenditures and also calculations related to PERA, TRA, OPEB and Severance qualify for reporting in this category.

N. LONG-TERM OBLIGATIONS

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year the bonds are issued.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. Rather, the debt proceeds are reported as other financing sources, and payments of principal, interest, and issuance costs are reported as expenditures.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. RETIREMENT PLANS

Substantially all employees of the district are required by State law to belong to pension plans administered by the Teachers Retirement Association (TRA) or Public Employees Retirement Association (PERA), all of which are administered on a statewide basis. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of TRA/PERA and additions to/deductions from TRA/PERA's net position have been determined on the same basis as they are reported by TRA/PERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. SEVERANCE PLAN

The District provides a defined benefit supplemental pension plan to eligible administrators and teachers. Prior to July 1, 2020, the employees could elect to use their benefits in one of the following options (1) for the purchase of health and term life insurance or (2) in equal annual installments over a period of five years. Effective July 1, 2020, the benefit is paid to a health care savings plan, and considered an other postemployment benefit rather than severance. The total pension liability for the Severance Plan was actuarially determined at July 1, 2020.

Q. OTHER POSTEMPLOYMENT BENEFITS

Under the provisions of the various employee and union contracts the District allows retirees to continue with the District's Health Care coverage until age 65 if certain age and minimum years of service requirements are met. The amount to be incurred is limited as specified by contract. All premiums are funded on a pay-as-you-go basis. The total OPEB liability was actuarially determined at July 1, 2020.

R. LEASES

The District adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, as of July 1, 2021. A lease liability and a lease asset are recognized at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying assets. The lease liability is measured at the present value of payments expected during the lease term. The lease asset is measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease. The lease liability is reduced as payments are made and interest expense is recognized. The leased asset is generally amortized over the term of the lease unless the useful life of the underlying asset is less. A short-term lease is a lease that at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Short-term leases are expensed in period incurred.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. LEASES (Continued)

Contracts that transfer ownership of the underlying assets or contain a bargain purchase option are recognized as financing contracts. The District excludes immaterial leases from the provisions of GASB 87.

S. FUND EQUITY

Government-Wide Financial Statements - Equity is classified as net position and displayed in three components:

Invested in capital assets, net of related debt - Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

Unrestricted net position - Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets, net of related debt, or the restricted net position.

It is the District's policy to first use restricted components of net position prior to the use of unrestricted components of net position when an expense is incurred for purposes for which both restricted and unrestricted components of net position are available.

Fund Financial Statements - The District utilizes GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance - amounts that are in nonspendable form (such as inventory and prepaid items) or are required to be maintained intact.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. FUND EQUITY (Continued)

Committed fund balance - amounts constrained by the District itself, using its highest level of decision-making authority (i.e., School Board). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint.

Assigned fund balance - amounts the District intends to use for a specific purpose. Intent can be expressed by the School Board or by an official or body to which the Board delegates the authority. The School Board has delegated authority to assign fund balances to the Superintendent.

Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

In the general fund, the District strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 5% of the annual expenditure budget.

S. REVENUES, EXPENDITURES, AND EXPENSES

Program Revenues

In the statement of activities, revenues that are derived directly from each activity or from parties outside the District taxpayers are reported as program revenues. The District has the following program revenues in each activity:

District and school administration - specific bequest

Regular instruction - admission and student participation fees; governmental grants and aids; specific donations

Vocational education instruction - revenues from governmental grants and aids

Special education instruction - revenues from other districts; governmental grants and aids

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. REVENUES, EXPENDITURES, AND EXPENSES (Continued)

Program Revenues (Continued)

Instructional support services – revenues from other districts or entities

Pupil support services – governmental grants and aids

Sites and buildings – capital grants received from State

Food Service – fees from students and staff; governmental grants and aids,  
including a capital grant

Community service – participation fees from students and adults;  
governmental grants and aids

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function.

In the fund financial statements, expenditures are classified as follows:

Governmental funds - By each function

Current

Capital outlay

Debt service

T. RECLASSIFICATION

Certain amounts from the prior year have been reclassified for comparative purposes with no effect on net income.

U. PRIOR-YEAR COMPARATIVE FINANCIAL INFORMATION

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with the applicable basis of accounting. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

V. NEW ACCOUNTING PRONOUNCEMENTS

The District adopted GASB 87 Leases, on July 1, 2021. A lease liability and a lease asset are recognized at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying assets. The lease liability is measured at the present value of payments expected during the lease term. The lease liability is reduced as payments are made and interest expense is recognized. The leased asset is generally amortized over the term of the lease unless the useful life of the underlying asset is less. This new standard was applied retrospectively and had no effect on net position as of July 1, 2021.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. EXCESS OF EXPENDITURES OVER FINAL APPROPRIATIONS IN INDIVIDUAL FUNDS

Expenditures exceeded the appropriations during the year ended June 30, 2022 in the following funds. This excess was covered by current year revenues or existing fund balances.

	Appropriations	Expenditures	Expenditures over Appropriations
Food service fund	1,046,575	1,124,284	(77,709)
Community service fund	1,361,861	1,426,151	(64,290)
Debt service fund	1,344,940	1,347,102	(2,162)

B. DEFICIT BALANCE

Generally accepted accounting principles require disclosure of individual funds that have deficit fund or net position balances at year end. The following fund had a deficit fund balance at June 30, 2022.

	Total Fund Balance
Community service fund	(160,125)

This deficit will be eliminated with future revenue amounts.

NOTE 3. EQUITY IN POOLED CASH AND INVESTMENTS

The District follows the provisions of GASB Statement 40, *Deposit and Investment Risk Disclosures*. This standard establishes requirements for disclosures regarding credit risk, concentration of credit risk, and interest rate risk. The District maintains a cash and investment pool that is used by all funds. Each portion of this pool is displayed on the balance sheet as "Equity in Pooled Cash and Investments".

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 3. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Deposits

In accordance with Minnesota Statutes, the District maintains deposits at those depository banks authorized by the School Board all of which are members of the Federal Reserve System. Minnesota Statutes require that all Districts deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or surety bonds.

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the District treasurer or in a financial institution other than that furnishing the collateral. As of June 30, 2022, the District was adequately collateralized.

For the following disclosures, deposits – including checking accounts, savings accounts, money market accounts – are all classified as pooled cash or non-pooled cash on the financial statements.

The District's cash and investments are reported as follows:

Governmental activities	4,248,205
Custodial funds	3,430,121
Total cash and investments	7,678,326

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

Deposits	444,260
Investments	7,234,066
Total cash and investments	7,678,326

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 3. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Investments

At June 30, 2022, the District's investment balances were as follows:

Investments measured at fair value	
Negotiable certificates of deposits	495,904
Investments measured at amortized cost	
MN Trust certificates of deposit	497,500
MN Trust investment shares	3,990,250
MN Trust securities	989,409
MN Trust term series	500,000
MSDLAF+ portfolio	761,003
Total investments at amortized cost	6,738,162
Total investments	7,234,066

The fair value of investments grouped by maturity is as follows:

Investment maturities:	
Current to one year	6,490,162
One to three years	743,904
Total	7,234,066

Money Market Shares (Investment Pools)

The District holds assets in the MSDLAF+ Liquid and MSDLAF+ Max classes of investments (collectively called MSDLAF+ Portfolio). The MSDLAF+ Portfolio seeks to maintain a stable net asset value of \$1 per share, however there is no assurance that this objective will be received. The District also holds assets in the MN Trust Investment Pool, which also seeks to maintain a stable net asset value of \$1 per share, however there is no assurance that this objective will be received. The MSDLAF+ Portfolio and MN Trust Investment Pool are not insured or guaranteed by the Federal Depository Insurance Corporation or any other governmental agency.

At June 30, 2022, the District had \$761,003 in MSDLAF+ Portfolio and \$3,990,250 in MN Trust Investment shares. These investments are both categorized as money market shares.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 3. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Money Market Shares (Investment Pools) (Continued)

The District is exposed to risks noted below in relation to its investments in the money market share accounts. The District does not have a policy for these risks. The following MSDLAF+ Portfolio risk policies below were taken from footnotes in the MSDLAF+ Portfolio and MN Trust audit reports.

Interest Rate Risk

The MSDLAF+ Portfolio investment policy limits its exposure to market fluctuations due to changes in interest rates by requiring that the portfolio maintain a dollar-weighted average maturity of not greater than 60 days. The weighted average maturity of the entire portfolio at June 30, 2022, the date of the latest MSDLAF+ Portfolio audit report, was 30 days. All of the MSDLAF+ Portfolio investments had a maturity of less than one year. The MN Trust Investment Share account is comprised of cash accounts that are 33% collateralized, with the remaining in investments in certificates of deposits and commercial paper. Due to the types of investments included in the MN Trust Investment Share account, the interest rate and credit risks are limited.

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. According to the latest audit report on the MSDLAF+ Portfolio, as of June 30, 2022, the MSDLAF+ Portfolio limits the investments to certain fixed income instruments which school entities are permitted to invest in, under Minnesota law.

As of June 30, 2022, the investment portfolio was comprised of investments that were in aggregate, rated by Standard & Poor's (S&P) as shown in the table below. The rates include the ratings of collateral underlying repurchase agreements in effect at June 30, 2022.

<u>S&amp;P Rating</u>	<u>Percent of Portfolio</u>
AAAm	0.04%
A-1+	19.51%
A-1	52.93%
Exempt(1)	27.52%

*(1) Represents investments in U.S. Treasury securities, which are not considered to be subject to overall credit risk per GASB.*

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 3. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk

The MN Trust Investment Shares account is comprised of many individual investments, none of which exceed 5% of the net asset value of the Fund. The MSDLAF+ Portfolio investment policy establishes certain restrictions on investments and limitations on portfolio composition. The investment portfolio at June 30, 2022, included the issuers shown in the table below, which individually represented greater than 5% of the total investment portfolio.

<u>Issuer</u>	<u>Percent of Fund</u>
BNP Paribas Securities Corporation (1)	10.80%
Goldman Sachs & Company (1)	10.51%
U.S. Treasury	7.94%

*(1) This issuers are also counterparty to repurchase agreements entered into by the Portfolio. This repurchase agreement is collateralized by U.S. Treasury securities.*

Custodial Credit risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the MSDLAF+ Portfolio and MN Trust Portfolio will not be able to recover the value of its investment. An investment in the MSDLAF+ Portfolio and MN Trust Investment Pool is not insured or guaranteed by the FDIC or any other governmental agency.

Investments

The District's investments with MN Trust (PMA Securities) are in Negotiable Certificates of Deposits. In addition, PMA acted as agent for the District to purchase certificates of deposit from individual banks. Investment risks related to these categories of investments is discussed below.

Certificates of Deposit – non-negotiable

The District has CD's through MN Trust with a number of different banks. The balance of each of the certificates of deposit is below the FDIC limit, so these assets are fully insured. In addition, the CD's have a stated interest rate and maturity amount, are allowable investments under MN Statutes, so the interest rate risks, credit risks and custodial risks are minimal.

Negotiable Certificates of Deposit

The District's negotiable certificates of deposit are to be recorded at fair value, however, the difference between amortized cost and fair value is not significant, therefore, amortized cost approximates fair value. This will be evaluated on an annual basis.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 3. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Investments (Continued)

Term Series and US Treasury Notes

Credit risk, interest rate risk, and custodial credit risk – The Term Series investment portfolio is comprised of certificates of investments that are fully collateralized by irrevocable letters of credit from Federal Home Loan Banks. The remaining investments in MN Trust are US Treasury Notes. These fixed income instruments are allowable securities which school entities are permitted to invest in, under Minnesota law. In addition, none of the individual investments exceeded 5% of the investment asset total. All securities have stated interest rates and maturity amounts, so interest rate risk is minimal.

Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The three levels of the fair value hierarchy are as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs (other than quoted prices included within Level 1) that are observable for the asset or liability – either directly or indirectly.
- Level 3: Unobservable inputs – market data are not available and are developed using the best information available about the assumptions that market participants would use when pricing an asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Negotiable certificates of deposit are level 2 investments.

NOTE 4. RESTRICTED CASH

All funds held in the Debt Service fund by the District are considered to be reserved for debt service, in accordance with the bond documents. At June 30, 2022, Pooled Cash and Investments in the Debt Service Fund was \$422,547.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 is as follows:

	Land				Total
	Land	Improvements	Buildings	Equipment	
Cost at					
June 30, 2021	150,539	1,400,174	32,888,857	4,892,077	39,331,647
Additions		298,769	149,300	212,897	660,966
Disposals				(114,661)	(114,661)
Cost at					
June 30, 2022	<u>150,539</u>	<u>1,698,943</u>	<u>33,038,157</u>	<u>4,990,313</u>	<u>39,877,952</u>

Accumulated depreciation activity for the year ended June 30, 2022 is as follows:

	Land				Total
	Land	Improvements	Buildings	Equipment	
Accumulated					
depreciation at					
June 30, 2021		1,296,332	21,809,871	3,461,954	26,568,157
Additions		31,594	940,032	281,792	1,253,418
Disposals				(114,661)	(114,661)
Accumulated					
depreciation at					
June 30, 2022		<u>1,327,926</u>	<u>22,749,903</u>	<u>3,629,085</u>	<u>27,706,914</u>
Capital assets net of					
accumulated					
depreciation at					
June 30, 2022	<u>150,539</u>	<u>371,017</u>	<u>10,288,254</u>	<u>1,361,228</u>	<u>12,171,038</u>

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (Continued)

Depreciation expense of \$1,253,418 for the year ended June 30, 2022 was charged to the following governmental functions:

District support services	981
Elementary and secondary regular instruction	55,030
Special education	497
Community service	3,598
Instructional support services	131,838
Pupil support services	15,982
Sites and buildings	<u>1,045,492</u>
 Total depreciation expense	 <u><u>1,253,418</u></u>

NOTE 6. LONG-TERM LIABILITIES

A. COMPONENTS OF LONG-TERM LIABILITIES

Issue	Issue Date	Interest Rates	Issue	Final Maturity	Principal Outstanding
G.O. Bonds, including refunding bonds					
Capital Facilities Bonds, Series 2014A	12/17/2014	2.00-3.00%	295,000	2/1/2029	160,000
Alternative Facilities Bonds, Series 2014B	12/17/2014	2.05-3.00%	2,375,000	2/1/2025	2,375,000
Alternative Facilities Bonds, Series 2016A	5/4/2016	2.00%	2,305,000	2/1/2024	700,000
Capital Facilities and Alternative Facilities Refunding Bonds, 2018A	11/8/2018	3.00-4.00%	2,605,000	2/1/2023	120,000
Plus net premiums					<u>46,150</u>
Net G.O. Bonds					<u>3,401,150</u>
Other Long-Term Debt					
Compensated Absences		0.00%	<u>70,634</u>		<u>70,634</u>
Total Other Long-Term Debt					<u>70,634</u>
Total all long-term liabilities			<u><u>7,650,634</u></u>		<u><u>3,471,784</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (Continued)

A. COMPONENTS OF LONG-TERM LIABILITIES (Continued)

Interest charged to expense in fiscal year 2022 was \$125,239.

The District has no unused lines of credit at June 30, 2022, and none of their long-term debt agreements have terms related to default or termination events with finance-related consequences, or subjective acceleration clauses.

B. MINIMUM DEBT PAYMENTS

Minimum annual principal and interest payments required to retire bonded long-term liabilities (excluding bond premiums) are as follows:

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2023	1,140,000	82,440
2024	1,040,000	57,912
2025	1,075,000	35,250
2026	25,000	3,000
2027	25,000	2,250
2028-2029	50,000	2,250
	3,355,000	183,102

C. DESCRIPTION OF LONG-TERM LIABILITIES

GENERAL OBLIGATION BONDS

All of the Districts bonded debt are recorded in the government-wide financial statements and are backed by the full faith and credit of the District.

The General Obligation Capital Facilities Bonds, Series 2014A were issued for \$295,000 and were used for a guaranteed energy savings project. This issue has principal installments of \$20,000 to \$25,000 beginning February 1, 2016 through February 1, 2029; interest at 2.00% to 3.00%. Payments are made out of the debt service fund.

The Alternative Facilities Bonds, Series 2014B were issued for \$2,375,000, and were used for a dehumidification project. This issue has principal installments of \$655,000 to \$1,055,000 beginning February 1, 2023 through February 1, 2025; interest at 2.050% to 3.00%. Payments are made out of the debt service fund.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (Continued)

C. DESCRIPTION OF LONG-TERM LIABILITIES (Continued)

GENERAL OBLIGATION BONDS (Continued)

The Alternative Facilities Refunding Bonds, Series 2016A were issued for \$2,305,000. These bonds were issued to call the Alternative Facilities Bonds, Series 2007A which were called February 2017. The issue has principal installments of \$345,000 to \$355,000 beginning February 1, 2018 through February 1, 2024; interest rate at 2.00%. Interest only payments were made with escrow funds from August 1, 2016 through February 1, 2017. After that date, payments are made out of the debt service fund.

The General Obligation Capital Facilities and Alternative Facilities Refunding Bonds, Series 2018A were issued for \$2,605,000 and were used to refund the General Obligation Alternative Facilities Bonds, Series 2009A and the General Obligation Capital Facilities Bonds, Series 2009B in February 2019. This issue has principal installments of \$120,000 beginning February 1, 2020 through February 1, 2023; interest rate at 3.00%. Payments are made out of the debt service fund.

DIRECT PLACEMENT - GOVERNMENTAL LEASE PURCHASES

In December 2005, the District obtained a Governmental Lease Purchase to be used for energy improvements at all District buildings. This lease was for \$603,666 with annual payments of \$57,453 through December 2021; with an interest rate of 4.94%. In July 2006, the District obtained an additional Governmental Lease Purchase to be used for additional energy improvements. This lease was for \$170,000 with annual payments of \$16,364 through fiscal year 2022; with an interest rate of 5.11%. Payments were made out of the General Fund. Both of these leases were paid in full during fiscal year 2022.

COMPENSATED ABSENCES

The District compensates employees upon termination of employment for unused vacation leave. The liability for unused vacation leave has been recorded in the government-wide financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (Continued)

D. CHANGES IN LONG-TERM LIABILITIES

The following chart reflects the changes in long-term liabilities, excluding the net premiums (discounts).

	June 30, 2021	Additions	Retirements	June 30, 2022	Due within one year
Long-term liabilities					
G.O. Bonds	4,570,000		1,215,000	3,355,000	1,140,000
Direct Placement -					
Gov't lease purchase	43,791		43,791		
Vacation payable	67,821	87,204	84,391	70,634	70,634
	<u>4,681,612</u>	<u>87,204</u>	<u>1,343,182</u>	<u>3,425,634</u>	<u>1,210,634</u>

NOTE 7. RISK MANAGEMENT-CLAIMS AND JUDGEMENTS

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District's property and liability premiums, unemployment claims and insurance coverage for vehicles are paid by the General Fund. Workers compensation premiums are paid by the General, Food Service and Community Service Funds based on salaries. The District purchases commercial insurance for property and liability, transferring the risk of loss to the insurance carrier. The District participates in a risk pool for workers compensation insurance. The pool in turn contracts with an insurance carrier, thereby transferring the risk from the pool members to the insurance carrier. The workers compensation policy is retrospectively rated in that the initial premium is adjusted based on the actual experience during coverage period of the group of entities that participate in the pool. There have been no settlements in excess of coverage in the past 3 years.

The District handles unemployment costs through a self-insurance plan. The District retains the risks associated with unemployment claims. As there are few unemployment claims against the District, no liability estimate has been recorded in the financial statements. At June 30, 2022, there are no outstanding claims of which the School District is aware.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 8. FUND BALANCES

The details of the District's fund balances are as follows:

	General Fund	Food Service Fund	Community Service Fund	Debt Redemption Fund	Total
<b>Nonspendable</b>					
Prepaid items	224,889		2,496		227,385
Inventory		37,075			37,075
<b>Restricted</b>					
Operating capital	143,149				143,149
Artist grant	1,000				1,000
Long-term facilities maintenance	952,207				952,207
Bond / loan repayments				154,687	154,687
Basic skills - extend time	28,488				28,488
Safe schools	13,410				13,410
Early childhood family education programs			96,665		96,665
School readiness			15,550		15,550
Adults with disabilities			15,348		15,348
Toddler playground			625		625
Food service		720,433			720,433
Student activities	132,273				132,273
Scholarships	133,749				133,749
Achievement and integration	11,237				11,237
<b>Assigned</b>					
Playground project	11,160				11,160
Program fund	303				303
<b>Unassigned</b>					
	208,713		(290,809)		(82,096)
<b>Total fund balances</b>	<b>1,860,578</b>	<b>757,508</b>	<b>(160,125)</b>	<b>154,687</b>	<b>2,612,648</b>

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLANS

Public Employees Retirement Association of Minnesota (PERA)

A. PLAN DESCRIPTION

The Independent School District No. 129 participates in the following cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

The General Employees Retirement Plan covers certain full time and part-time employees of the Independent School District No. 129. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

B. BENEFITS PROVIDED

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLANS (Continued)

Public Employees Retirement Association of Minnesota (PERA) (Continued)

B. BENEFITS PROVIDED (Continued)

hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

C. CONTRIBUTIONS

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

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2022 and the District was required to contribute 7.50 percent for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2022 were \$273,815. The District's contributions were equal to the required contributions as set by state statute.

D. PENSION COSTS

At June 30, 2022, the District reported a liability of \$2,216,363 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled \$67,702. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0519 percent at the end of the measurement period and 0.0496 percent for the beginning of the period.

District's proportionate share of the net pension liability	2,216,363
State of Minnesota's proportionate share of the net pension liability associated with the District	67,702
Total net pension liability	<u>2,284,065</u>

For the year ended June 30, 2022 the District recognized pension expense of \$186,202 for its proportionate share of General Employees Plan's pension expense.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLANS (Continued)

Public Employees Retirement Association of Minnesota (PERA) (Continued)

D. PENSION COSTS (Continued)

In addition, the District recognized \$5,462 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the annual \$16 million contribution.

At June 30, 2022, the District reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	12,331	67,478
Changes in actuarial assumptions	1,353,265	46,074
Net collective difference between projected and actual investment earnings		1,924,889
Changes in proportion	175,296	2,774
Contributions paid to PERA subsequent to the measurement date	273,815	
Total	1,814,707	2,041,215

The \$273,815 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Pension Expense
2023	(24,938)
2024	34,275
2025	13,878
2026	(523,538)
	(500,323)

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLANS (Continued)

Public Employees Retirement Association of Minnesota (PERA) (Continued)

E. LONG-TERM EXPECTED RETURN ON INVESTMENT

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25.0%	0.75%
Private Markets	25.0%	5.90%
Total	100.0%	

F. ACTUARIAL METHODS AND ASSUMPTIONS

The total pension liability in the June 30, 2021, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 29 years of service and 6.0 percent per year thereafter.

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

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

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLANS (Continued)

Public Employees Retirement Association of Minnesota (PERA) (Continued)

F. ACTUARIAL METHODS AND ASSUMPTIONS (Continued)

The following changes in actuarial assumptions and plan provisions occurred in 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.

Changes in Plan Provisions:

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

G. DISCOUNT RATE

The discount rate used to measure the total pension liability in 2021 was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. PENSION LIABILITY SENSITIVITY

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

Sensitivity Analysis		
Net Pension Liability (Asset) at Different Discount Rates		
1% Lower	5.50%	4,520,248
Current Discount Rate	6.50%	2,216,363
1% Higher	7.50%	325,884

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLANS (Continued)

Public Employees Retirement Association of Minnesota (PERA) (Continued)

I. PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the pension 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](http://www.mnpera.org).

Teachers Retirement Association (TRA)

A. PLAN DESCRIPTION

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

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

B. BENEFITS PROVIDED

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

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLANS (Continued)

Teachers Retirement Association (TRA) (Continued)

B. BENEFITS PROVIDED (Continued)

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

*Tier I Benefits*

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

With these provisions:

- (a) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- (b) 3 percent per year early retirement reduction 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).

Or

*Tier II Benefits*

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

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

Six different types of annuities are available to members upon retirement. The No Refund Life Plan is a lifetime annuity that ceases upon the death of the retiree – no survivor annuity is payable. A retiring member may also choose to provide survivor

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLANS (Continued)

Teachers Retirement Association (TRA) (Continued)

B. BENEFITS PROVIDED (Continued)

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. CONTRIBUTION RATES

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ended June 30, 2020, June 30, 2021, and June 30, 2022 were:

	June 30, 2020		June 30, 2021		June 30, 2022	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic	11.00%	11.92%	11.00%	12.13%	11.00%	12.34%
Coordinated	7.50%	7.92%	7.50%	8.13%	7.50%	8.34%

The following is a reconciliation of employer contributions in TRA's fiscal year 2021 CAFR "Statement of Changes in Fiduciary Net Position" to the employer contributions used in Schedule of Employer and Non-Employer Pension Allocations.

	<i>(in thousands)</i>
Employer contributions reported in TRA's CAFR, Statement of Changes in Fiduciary Net Position	448,829
Add employer contributions not related to future contribution efforts	379
Deduct TRA's contributions not included in allocation	(538)
Total employer contributions	<u>448,670</u>
Total non-employer contributions	<u>37,840</u>
Total contributions reported in <i>Schedule of Employer and Non-Employer Allocations.</i>	<u><u>486,510</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLANS (Continued)

Teachers Retirement Association (TRA) (Continued)

C. CONTRIBUTION RATES (Continued)

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

D. ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability	
Actuarial Information	
Valuation date	July 1, 2021
Experience study	June 5, 2019 (demographic assumptions) November 6, 2017 (economic assumptions)
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Investment rate of return	7.00%
Price inflation	2.50%
Wage growth rate	2.85% before July 1, 2028 and 3.25% after June 30, 2028
Projected salary increase	2.85% to 8.85% before July 1, 2028 and 3.25% to 9.25% after June 30, 2028
Cost of living adjustment	1.0% for January 2020 through January 2023, then increasing by 0.1% each year up to 1.5% annually
Mortality assumptions:	
Pre-retirement	RP-2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP-2015 scale.
Post-retirement	RP-2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
Post-disability	RP-2014 disabled retiree mortality table, without adjustment.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLANS (Continued)

Teachers Retirement Association (TRA) (Continued)

D. ACTUARIAL ASSUMPTIONS (Continued)

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Geometric Mean)
Domestic Equity	35.5%	5.10%
International Equity	17.5%	5.30%
Private Markets	25.0%	5.90%
Fixed Income	20.0%	0.75%
Unallocated cash	2.0%	0.00%
Total	100.0%	

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2022 is six years. The *Difference between Expected and Actual Experience, Changes of Assumptions, and Changes in Proportion* use the amortization period of six years in the schedule presented. The amortization period for *Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments* is five years as required by GASB 68.

Changes in actuarial assumptions since the 2020 valuation:

- For GASB Valuation:
  - The investment return assumption was changed from 7.50 percent to 7.00 percent.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLANS (Continued)

Teachers Retirement Association (TRA) (Continued)

E. DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.00 percent. The discount rate used to measure the TPL at the Prior Measurement Date was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2021 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

F. NET PENSION LIABILITY

On June 30, 2022, Independent School District No. 129 reported a liability of \$6,800,769 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis and Minneapolis School District. District proportionate share was 0.1554 percent at the end of the measurement period and 0.1555 percent for the beginning of the year.

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

District's proportionate share of net pension liability	6,800,769
State's proportionate share of the net pension liability associated with the district	573,547

For the year ended June 30, 2022, the District recognized pension expense of (\$88,597). It also recognized (\$6,422) as an increase to pension expense for the support provided by direct aid.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLANS (Continued)

Teachers Retirement Association (TRA) (Continued)

F. NET PENSION LIABILITY (Continued)

On June 30, 2022, 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 experience	184,313	190,166
Changes in assumptions	2,492,229	6,043,448
Net difference between projected and actual investment earnings on pension plan investments		5,700,391
Changes in proportion	625,457	23,153
Contributions subsequent to measurement date	766,813	
Total	4,068,812	11,957,158

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

Year Ended June 30	Pension Expense Amount
2023	(4,146,720)
2024	(3,141,529)
2025	(808,644)
2026	(1,037,078)
2027	478,812
	(8,655,159)

G. PENSION LIABILITY SENSITIVITY

The following presents the net pension liability of TRA calculated using the discount rate of 7.00 percent, as well as what the net pension liability would be if it were calculated using discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

Sensitivity of Net Pension Liability (NPL) to changes in the discount rate		
1% decrease (6.00%)	Current (7.00%)	1% increase (8.00%)
13,737,884	6,800,769	1,111,781

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLANS (Continued)

Teachers Retirement Association (TRA) (Continued)

G. PENSION LIABILITY SENSITIVITY (Continued)

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

H. PENSION PLAN FIDUCIARY NET POSITION

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

NOTE 10. SUPPLEMENTAL PENSION PLAN

The District follows Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Financial Reporting by Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The District engaged an actuary to determine the District's liability for severance benefits as of July 1, 2020.

A. PLAN DESCRIPTION

The District provided a defined contribution supplemental pension benefit to eligible administrators and teachers through July 1, 2021. The employees could elect to use their benefits in one of the following options (1) for the purchase of health and term life insurance or (2) in equal annual installments over a period of five years. As of June 30, 2022, there were 12 retired employees receiving these benefits and 7 additional staff members who were eligible to receive these benefits upon retirement. Effective July 1, 2021, the Chief Technology Officer's and Technology Integration Specialist's matching contributions to the 403(b) Plan increased from 2.00% of Annual Base Salary to 2.50% for 2021-2022 and 3.00% for 2022-2023. Please note that these matching contributions are not valued under GASB 73, but they are used to offset GASB 73 subsidized benefits. Also note that the Principal's increase in matching contributions from 2.00% to 3.00% was already reflected in the liabilities calculated as of the valuation date.

B. SUPPLEMENTAL PLAN BENEFITS

Severance shall be provided only to teachers and administrators who have completed 20 years of full-time continuous service in the Montevideo School District, and have reached the age of 55. Effective July 1, 2021, the severance benefit is now paid to a Health Care Savings Plan (HCSP) and considered GASB 75.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 10. SUPPLEMENTAL PENSION PLAN (Continued)

C. BENEFIT PAYMENTS

For the year ended June 30, 2022, the District paid \$71,767 for pensions as benefits came due.

D. TOTAL PENSION LIABILITY

The District recognizes its *total pension liability*, rather than a *net pension liability*. In order for the District to recognize a *net pension liability*, assets must be accumulated in a trust that meets all of the following criteria:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing pensions to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

No assets are accumulated in a trust that meets all of the above criteria. Accordingly, the District's total pension liability is not reduced by any assets accumulated in a trust that meets the criteria and the District must report its total pension liability. The District's total pension liability was determined by an actuarial valuation as of July 1, 2020 (the valuation date). Changes in the District's total pension liability were as follows:

Total pension liability - July 1, 2021	236,170
Changes for the year:	
Service cost	2,580
Interest on the total pension liability	4,874
Assumption changes	1,312
Plan changes	(7,265)
Differences between expected and actual experience	7,114
Benefit payments	(71,767)
Net changes	(63,152)
Total pension liability - June 30, 2022	173,018

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 10. SUPPLEMENTAL PENSION PLAN (Continued)

E. ACTUARIAL ASSUMPTIONS

Actuarial assumptions used to determine the total pension liability in the July 1, 2020, valuation were based on the results of an actuarial experience study. Those assumptions, applied to all periods included in the measurement, are as follows:

Inflation	2.50%
Salary increases	3.00%

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale.

F. DISCOUNT RATE

A discount rate of 2.10% was applied in the measurement of the total pension liability. This is down from the 2.40% discount rate used for the July 1, 2020 measurement. The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds.

The following presents the total pension liability calculated using the discount rate of 2.10%, as well as what the total pension liability would be if it were calculated using a discount rate that is 1% lower (1.10%) or 1% higher (3.10%) than the current rate at June 30, 2022:

Sensitivity of the total pension liability to changes in the discount rate:

	1.0% Decrease (1.10%)	Discount Rate (2.10%)	1.0% Increase (3.10%)
Total pension liability	176,779	173,018	169,298

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 10. SUPPLEMENTAL PENSION PLAN (Continued)

G. PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended June 30, 2022, the District recognized pension expense of \$86,799, and an additional benefit of \$30,937, due to the change in the plan provisions. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	36,154	34,495
Differences between expected and actual experience	53,285	15,150
Contributions made after the measurement date	86,799	
<b>Total</b>	<b>176,238</b>	<b>49,645</b>

Deferred outflows of resources and (deferred inflows of resources) related to the supplemental pension will be recognized in pension expense as follows:

Year Ended June 30	Pension Expense Amount
2023	55,669
2024	(817)
2025	(3,623)
2026	(3,623)
2027	(3,623)
Thereafter	(4,189)
	<b>39,794</b>

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS

The District follows Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The District engaged an actuary to determine the District's liability for postemployment healthcare benefits other than pensions as of July 1, 2020.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. GENERAL INFORMATION ABOUT THE OPEB PLAN

*Plan Description.* The District operates a single-employer retiree benefit plan (“the Plan”) that provides health insurance to eligible employees and their spouses through the District’s self-insured health insurance plan. No assets are accumulated in a trust that meets all of the criteria in GASB Statement No. 75, paragraph 4.

*Benefits Provided.* The Plan provides healthcare benefits for retirees and their spouses. Benefit and eligibility provisions are established through negotiations between the District and various unions representing District employees and are renegotiated each two-year bargaining period. The Plan does not issue a publicly available financial report.

*Employees Covered by Benefit Terms.* At June 30, 2022, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	12
Active plan members	218
	230

B. TOTAL OPEB LIABILITY

The District’s total OPEB liability was determined by an actuarial valuation as of July 1, 2020 (the valuation date).

*Actuarial assumptions and other inputs.* The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.00%
Healthcare cost trend rates	6.25% for 2021, grading to 5.0% over 5 years

A discount rate of 2.1% was applied in the measurement of the total OPEB liability. This is down from the 2.4% discount rate used for the July 1, 2020 measurement. The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds. Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

C. CHANGES IN THE TOTAL OPEB LIABILITY

Changes in the total OPEB liability were as follows:

Balance at July 1, 2021	1,747,626
Changes for the year:	
Service cost	113,981
Interest	43,889
Assumption changes	37,139
Plan changes	(268,178)
Differences - expected and actual experience	137,890
Benefit payments	(66,190)
Net changes	(1,469)
Balance at June 30, 2022	1,746,157

*Sensitivity of the total OPEB liability to changes in the discount rate.*

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 (1.10%) or 1-percentage-point higher (3.1%) than the current discount rate:

	1.0% Decrease (1.10%)	Discount Rate (2.10%)	1.0% Increase (3.10%)
Total OPEB liability	1,843,406	1,746,157	1,649,623

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.*

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 healthcare cost trend rates that are 1-percentage-point lower (5.25% decreasing to 4.0%) or 1-percentage-point higher (7.25% decreasing to 6.0%) than the current healthcare cost trend rates:

	1.0% Decrease (5.25% decreasing to 4.0%)	Medical Trend Rates (6.25% decreasing to 5.0%)	1.0% increase (7.25% decreasing to 6.0%)
Total OPEB liability	1,603,625	1,746,157	1,915,389

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

D. OPEB EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended June 30, 2022, the District recognized OPEB expense of \$71,767, and an additional benefit of \$192,408, due to the change in plan provisions. At June 30, 2022, 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
Change in assumptions	47,386	10,422
Differences between expected and actual experience	120,653	150,189
Contributions made subsequent to measurement date	71,767	
<b>Total</b>	<b>239,806</b>	<b>160,611</b>

Deferred outflows of resources and (deferred inflows of resources) related to the OPEB will be recognized in expense as follows:

Year Ended June 30	Expense Amount
2023	(10,330)
2024	(4,876)
2025	3,661
2026	(967)
2027	(967)
Thereafter	20,907
	<b>7,428</b>

NOTE 12. JOINT VENTURE

Independent School District No. 129, Montevideo, Minnesota, along with other schools in West Central Minnesota created the Minnesota River Valley Education District #61-6018 in a joint venture agreement. The presence of either an ongoing financial interest or responsibility indicates a joint venture relationship exists. This joint venture provides for comprehensive educational programs within the geographical boundaries of member districts by continuing to facilitate cooperation and coordination among school districts and other agencies involved in providing learner outcomes. Services rendered by the Education District are billed to each member district based on the services provided; therefore, an ongoing financial responsibility exists. As of June 30, 2022, the audited

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS

**NOTE 12. JOINT VENTURE (Continued)**

financial statements of the Education District reflected a fund balance of \$4,008,975, which would be shared among participating school districts upon dissolution. This demonstrates that an ongoing financial interest exists. Financial statement information is available from the Minnesota River Valley Education District #61-6018.

**NOTE 13. CONTINGENT LIABILITIES**

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

**NOTE 14. COMMITMENTS**

In February 2014, the District, along with other districts from the Minnesota River Valley Education District, entered into a High Capacity Services Lease Agreement with New Ulm Telecom, Inc. (Nu-Tel). The lease effective date is July 1, 2014 and expires June 30, 2024. The total cost of the lease is \$3,471,958, and will be paid over the life of the lease by the participating districts. During fiscal year 2022, the total lease payment was \$317,640. MRVED used part of their committed fund balance to cover the District's cost. The payment required by the District will vary each year depending on the future E-rate funding received by MRVED, and their designated fund balance used.

In February 2022, the District entered into a ten-year lease with Double D Development for the Hawks Nest building. The District is required to make monthly payments of \$14,000, along with a portion of real estate taxes, insurance, and other common expenses starting July 1, 2022.

**REQUIRED SUPPLEMENTAL INFORMATION**

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY (LAST 10 YEARS) \*  
 SEVERANCE

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total Pension Liability (TPL)						
Service cost	2,580	2,026	62,395	55,889	51,624	55,422
Interest cost	4,874	39,920	44,630	43,152	36,947	35,892
Assumption changes	1,312	23,819	36,455	(13,659)	(43,532)	
Plan changes	(7,265)	(1,227,581)				
Differences between expected and actual experience	7,114	145,633		(22,726)		
Benefit payments	(71,767)	(66,190)	(74,750)	(51,856)	(56,492)	(45,831)
Net change in TPL	(63,152)	(1,082,373)	68,730	10,800	(11,453)	45,483
Total pension liability - beginning	236,170	1,318,543	1,249,813	1,239,013	1,250,466	1,204,983
Total pension liability - ending	173,018	236,170	1,318,543	1,249,813	1,239,013	1,250,466

\* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

NOTES TO SCHEDULE:

*Plan Assets*

No assets are accumulated in a trust that meets all of the following criteria of GASBS 73, paragraph 4:

- (1) Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- (2) Plan assets must be dedicated to providing pensions to Plan members in accordance with the benefit terms.
- (3) Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE TOTAL PENSION LIABILITY AND RELATED RATIOS (LAST 10 YEARS)  
 SEVERANCE

Fiscal Year Ended	Total Pension Liability	Covered Employee Payroll	Total Pension Liability as a Percentage of its Covered Employee Payroll
June 30, 2017	\$1,250,466	\$6,829,442	18.31%
June 30, 2018	\$1,250,466	\$7,034,325	17.78%
June 30, 2019	\$1,249,813	\$7,783,022	16.06%
June 30, 2020	\$1,318,543	\$8,016,513	16.45%
June 30, 2021	\$236,170	\$683,690	34.54%
June 30, 2022	\$173,018	\$704,201	24.57%

\* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

NOTES TO SCHEDULE:

*Plan Assets*

No assets are accumulated in a trust that meets all of the following criteria of GASBS 73, paragraph 4:

- (1) Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- (2) Plan assets must be dedicated to providing pensions to Plan members in accordance with the benefit terms.
- (3) Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY (LAST 10 YEARS) \*  
 OTHER POST EMPLOYMENT BENEFITS (OPEB)

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
<b>Total OPEB Liability</b>						
Service cost	113,981	111,950	84,985	77,322	63,757	67,323
Interest cost	43,889	39,908	40,180	38,396	32,197	31,255
Assumption changes	37,139	(6,624)	27,773	3,020	(32,739)	
Plan changes	(268,178)	621,047				
Differences between expected and actual experience	137,890	(176,147)		(54,248)		
Benefit payments	(66,190)	(35,533)	(45,480)	(61,286)	(54,265)	(70,680)
Net change in TOL	(1,469)	554,601	107,458	3,204	8,950	27,898
Total OPEB liability - beginning	<u>1,747,626</u>	<u>1,193,025</u>	<u>1,085,567</u>	<u>1,082,363</u>	<u>1,073,413</u>	<u>1,045,515</u>
Total OPEB liability - ending	<u><u>1,746,157</u></u>	<u><u>1,747,626</u></u>	<u><u>1,193,025</u></u>	<u><u>1,085,567</u></u>	<u><u>1,082,363</u></u>	<u><u>1,073,413</u></u>

\* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

NOTES TO SCHEDULE:

*Plan Assets*

No assets are accumulated in a trust that meets all of the following criteria of GASBS 75, paragraph 4:

- (1) Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- (2) Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- (3) Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE TOTAL OPEB LIABILITY AND RELATED RATIOS (LAST 10 YEARS)  
 OTHER POST EMPLOYMENT BENEFITS (OPEB)

Fiscal Year Ended	Total OPEB Liability	Covered Employee Payroll	Total OPEB Liability as a Percentage of its Covered Employee Payroll
June 30, 2017	\$1,073,413	\$9,891,311	10.85%
June 30, 2018	\$1,082,363	\$10,188,050	10.62%
June 30, 2019	\$1,085,567	\$11,122,343	9.76%
June 30, 2020	\$1,193,025	\$11,456,013	10.41%
June 30, 2021	\$1,747,626	\$12,081,808	14.46%
June 30, 2022	\$1,746,157	\$12,444,262	14.03%

\* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

NOTES TO SCHEDULE:

*Plan Assets*

No assets are accumulated in a trust that meets all of the following criteria of GASBS 75, paragraph 4:

- (1) Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- (2) Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- (3) Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF EMPLOYER'S CONTRIBUTIONS  
 PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT FUND (PERA)\*

Fiscal Year Ending	Statorily Required Contribution (a)	Contributions in Relation to the Statorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered- Employee Payroll (d)	Contributions as a Percentage of Covered- Employee Payroll (b/d)
June 30, 2015	\$172,520	\$172,520	\$0	\$2,358,646	7.31%
June 30, 2016	\$192,031	\$192,031	\$0	\$2,560,454	7.50%
June 30, 2017	\$223,872	\$223,872	\$0	\$2,984,985	7.50%
June 30, 2018	\$238,136	\$238,136	\$0	\$3,175,125	7.50%
June 30, 2019	\$249,083	\$249,083	\$0	\$3,320,773	7.50%
June 30, 2020	\$263,010	\$263,010	\$0	\$3,506,996	7.50%
June 30, 2021	\$280,400	\$280,400	\$0	\$3,738,666	7.50%
June 30, 2022	\$273,815	\$273,815	\$0	\$3,650,857	7.50%

\* Option to provide RSI for ten years at transition or to provide RSI prospectively.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY  
 PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT FUND (PERA)\*

Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	Employer's Covered- Employee Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2014	0.0437%	\$2,052,807	\$2,320,019	88.48%	78.75%
June 30, 2015	0.0398%	\$2,062,643	\$2,358,646	87.50%	78.19%
June 30, 2016	0.0413%	\$3,353,355	\$2,560,454	130.97%	68.19%
June 30, 2017	0.0463%	\$2,955,761	\$2,984,985	99.02%	75.90%
June 30, 2018	0.0472%	\$2,618,462	\$3,175,125	82.47%	88.07%
June 30, 2019	0.0470%	\$2,598,525	\$3,320,773	78.25%	80.23%
June 30, 2020	0.0496%	\$2,973,747	\$3,506,996	84.79%	79.06%
June 30, 2021	0.0519%	\$2,216,363	\$3,738,666	59.28%	87.00%

\* Schedule is to be provided prospectively beginning with the employer's fiscal year ended June 30, 2014, the Measurement Date.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF EMPLOYER'S CONTRIBUTIONS  
 TEACHERS RETIREMENT ASSOCIATION (TRA)\*

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered- Employee Payroll (d)	Contributions as a Percentage of Covered- Employee Payroll (b/d)
June 30, 2015	\$549,631	\$549,631	\$0	\$7,328,413	7.50%
June 30, 2016	\$566,448	\$566,448	\$0	\$7,554,450	7.50%
June 30, 2017	\$590,228	\$590,228	\$0	\$7,869,704	7.50%
June 30, 2018	\$638,934	\$638,934	\$0	\$8,519,120	7.50%
June 30, 2019	\$682,395	\$682,395	\$0	\$8,848,738	7.71%
June 30, 2020	\$715,734	\$715,734	\$0	\$9,036,777	7.92%
June 30, 2021	\$756,188	\$756,188	\$0	\$9,301,190	8.13%
June 30, 2022	\$766,813	\$766,813	\$0	\$9,194,095	8.34%

\*Option to provide RSI for ten years at transition or to provide RSI prospectively.

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF EMPLOYER'S NET PENSION LIABILITY  
 TEACHERS RETIREMENT ASSOCIATION (TRA)\*

Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability (Asset) Associated with Employer (b)	Total Proportionate Share of Net Pension Liability (a+b) (1)	Employer's Covered- Employee Payroll (2)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll (1/2)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2014	0.1606%	\$7,400,332	\$520,610	\$7,920,942	\$7,330,304	100.96%	81.50%
June 30, 2015	0.1444%	\$8,932,568	\$1,095,583	\$10,028,151	\$7,328,413	121.89%	76.80%
June 30, 2016	0.1452%	\$34,633,664	\$3,476,876	\$38,110,540	\$7,554,450	458.45%	44.88%
June 30, 2017	0.1462%	\$29,184,172	\$2,820,565	\$32,004,737	\$7,869,704	370.84%	51.57%
June 30, 2018	0.1542%	\$9,684,896	\$910,019	\$10,594,915	\$8,519,120	113.68%	78.07%
June 30, 2019	0.1559%	\$9,937,099	\$879,420	\$10,816,519	\$8,848,755	112.30%	78.21%
June 30, 2020	0.1555%	\$11,488,548	\$962,594	\$12,451,142	\$9,036,793	127.13%	75.48%
June 30, 2021	0.1554%	\$6,800,769	\$573,547	\$7,374,316	\$9,301,205	73.12%	86.63%

\*Schedule is to be provided prospectively beginning with the employer's fiscal year ended June 30, 2014, the Measurement Date.

**OTHER SUPPLEMENTAL INFORMATION**

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
GENERAL FUND  
COMPARATIVE BALANCE SHEETS  
JUNE 30, 2022 AND 2021

	2022	2021
<b>ASSETS</b>		
Petty cash	7,000	7,000
Equity in pooled cash and investments	3,239,586	2,468,637
Current property taxes receivable	825,046	817,338
Delinquent property taxes receivable	7,422	13,979
Due from other Minnesota districts	41,750	25,495
Due from department of education		677,664
Due from federal government	765,395	929,965
Due from other governments		24,344
Due from other funds		34,872
Other receivables	11,383	16,900
Interest receivable	2,815	9,437
Prepays	224,889	1,440
	<u>5,125,286</u>	<u>5,027,071</u>
<b>TOTAL ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	402,506	280,438
Salaries payable	138,279	113,703
Due to other Minnesota districts	565,552	569,304
Due to department of education	49,858	
Due to other governments	6,737	4,283
Payroll deductions and employer contribution	496,671	247,186
	<u>1,659,603</u>	<u>1,214,914</u>
<b>TOTAL LIABILITIES</b>		
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unearned revenue - delinquent taxes	7,422	13,979
Property taxes levied for subsequent years	1,597,683	1,627,651
	<u>1,605,105</u>	<u>1,641,630</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>		
<b>FUND BALANCES</b>		
Nonspendable	224,889	1,440
Restricted	1,415,513	1,241,361
Assigned	11,463	14,916
Unassigned	208,713	912,810
	<u>1,860,578</u>	<u>2,170,527</u>
<b>TOTAL FUND BALANCES</b>		
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
	<u>5,125,286</u>	<u>5,027,071</u>

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
- BUDGET AND ACTUAL -  
YEAR ENDED JUNE 30, 2022  
(WITH PARTIAL COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	2022		2021
	Final Budget	Actual	Actual
<b>REVENUES</b>			
<b>LOCAL PROPERTY TAX LEVIES</b>			
Local levies	1,789,482	1,745,177	1,701,737
Total local property tax levies	<u>1,789,482</u>	<u>1,745,177</u>	<u>1,701,737</u>
<b>OTHER LOCAL AND COUNTY REVENUES</b>			
County apportionment		74,459	22,233
Other MN school districts	408,785	351,973	291,863
Fees from patrons	112,700	102,206	103,128
Admissions	67,000	47,608	34,620
Earnings from temporary investments	10,000	6,119	17,780
Rent for school facilities	17,000	13,433	11,051
Miscellaneous revenue	597,400	696,669	297,199
Total other local and county revenues	<u>1,212,885</u>	<u>1,292,467</u>	<u>777,874</u>
<b>REVENUES FROM STATE SOURCES</b>			
Endowment aid	60,757	60,237	64,099
General ed aid	14,432,445	12,979,027	13,265,048
Ag market value credit		14,608	16,336
Medical assistance	100,000	78,235	121,817
Disparity reduction		26,565	27,060
Other state aids	310,260	279,270	306,782
Special education aid	2,300,400	2,277,396	2,129,744
Total revenues from state sources	<u>17,203,862</u>	<u>15,715,338</u>	<u>15,930,886</u>
<b>REVENUES FROM FEDERAL SOURCES</b>			
Federal aids and grants	1,117,000	926,858	1,403,802
Total revenues from federal sources	<u>1,117,000</u>	<u>926,858</u>	<u>1,403,802</u>

**INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**- BUDGET AND ACTUAL -**  
**YEAR ENDED JUNE 30, 2022**  
**(WITH PARTIAL COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)**

	<u>2022</u>		<u>2021</u>
	Final Budget	Actual	Actual
<b>REVENUES (CONTINUED)</b>			
<b>SALES AND OTHER REVENUE</b>			
Sales of materials	12,500	4,204	1,676
Total revenues from sales and other revenue	<u>12,500</u>	<u>4,204</u>	<u>1,676</u>
<b>TOTAL REVENUES</b>	<u>21,335,729</u>	<u>19,684,044</u>	<u>19,815,975</u>
<b>EXPENDITURES</b>			
<b>DISTRICT AND SCHOOL ADMINISTRATION</b>			
Salaries	791,686	842,001	1,062,659
Employee benefits	294,913	259,476	347,151
Purchased services	31,500	36,330	25,082
Supplies/materials	7,500	14,254	12,457
Capital expenditures			3,308
Other expenditures	65,680	65,987	19,686
Total district and school administration	<u>1,191,279</u>	<u>1,218,048</u>	<u>1,470,343</u>
<b>DISTRICT SUPPORT SERVICES</b>			
Salaries	234,318	215,935	191,238
Employee benefits	67,916	169,823	137,037
Purchased services	114,000	85,390	102,433
Supplies/materials	24,000	26,955	17,799
Capital expenditures	6,000	6,020	2,613
Other expenditures	22,500	4,543	13,977
Total district support services	<u>468,734</u>	<u>508,666</u>	<u>465,097</u>

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
- BUDGET AND ACTUAL -  
YEAR ENDED JUNE 30, 2022  
(WITH PARTIAL COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	2022		2021
	Final Budget	Actual	Actual
<b>EXPENDITURES (CONTINUED)</b>			
<b>REGULAR INSTRUCTION</b>			
Salaries	5,489,858	5,632,003	5,646,683
Employee benefits	1,674,721	1,653,645	1,616,951
Purchased services	1,806,445	1,192,415	1,171,674
Supplies/materials	504,200	382,526	251,748
Capital expenditures	68,250	69,747	185,467
Other expenditures	38,510	36,088	38,894
Total regular instruction	<u>9,581,984</u>	<u>8,966,424</u>	<u>8,911,417</u>
<b>VOCATIONAL INSTRUCTION</b>			
Salaries	202,521	175,407	166,808
Employee benefits	65,235	52,900	49,127
Purchased services	3,500	1,540	299
Supplies/materials	15,300	29,150	15,842
Total vocational instruction	<u>286,556</u>	<u>258,997</u>	<u>232,076</u>
<b>SPECIAL EDUCATION INSTRUCTION</b>			
Salaries	3,071,774	2,880,708	2,828,706
Employee benefits	931,217	820,064	822,934
Purchased services	143,190	100,208	118,522
Supplies/materials	15,200	21,162	13,720
Capital expenditures			2,351
Other expenditures	10,000	17,876	7,500
Total special education instruction	<u>4,171,381</u>	<u>3,840,018</u>	<u>3,793,733</u>

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
- BUDGET AND ACTUAL -  
YEAR ENDED JUNE 30, 2022  
(WITH PARTIAL COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	2022		2021
	Final Budget	Actual	Actual
<b>EXPENDITURES (CONTINUED)</b>			
<b>INSTRUCTIONAL SUPPORT SERVICES</b>			
Salaries	397,692	506,446	485,929
Employee benefits	152,706	130,048	122,069
Purchased services	99,000	106,495	98,640
Supplies/materials	81,700	141,733	147,553
Capital expenditures	239,600	214,152	146,061
Other expenditures	85,000	57,250	61,230
Total instructional support services	<u>1,055,698</u>	<u>1,156,124</u>	<u>1,061,482</u>
<b>PUPIL SUPPORT SERVICES</b>			
Salaries	258,097	245,903	265,625
Employee benefits	111,715	80,176	69,722
Purchased services	875,772	880,027	876,724
Supplies/materials	68,000	102,176	51,510
Other expenditures	15,000	10,544	10,378
Total pupil support services	<u>1,328,584</u>	<u>1,318,826</u>	<u>1,273,959</u>
<b>SITE, BUILDINGS AND EQUIPMENT</b>			
Salaries	658,592	681,297	671,976
Employee benefits	266,021	243,875	234,660
Purchased services	572,315	550,427	479,046
Supplies/materials	280,750	343,739	250,906
Capital expenditures	514,768	560,564	356,398
Other expenditures		8,006	699
Total site, buildings and equipment	<u>2,292,446</u>	<u>2,387,908</u>	<u>1,993,685</u>

**INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**- BUDGET AND ACTUAL -**  
**YEAR ENDED JUNE 30, 2022**  
**(WITH PARTIAL COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)**

	<u>2022</u>		<u>2021</u>
	Final Budget	Actual	Actual
<b>EXPENDITURES (CONTINUED)</b>			
<b>FISCAL AND OTHER FIXED COST PROGRAMS</b>			
Lease principal	43,791	43,791	69,039
Lease interest	1,299	1,299	4,778
Employee benefits	75,412		
Purchased services	125,635	124,798	124,796
Scholarships		223,194	109,000
Total fiscal and other fixed cost programs	<u>246,137</u>	<u>393,082</u>	<u>307,613</u>
<b>TOTAL EXPENDITURES</b>	<u>20,622,799</u>	<u>20,048,093</u>	<u>19,509,405</u>
<b>REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES</b>	<b>712,930</b>	<b>(364,049)</b>	<b>306,570</b>
<b>OTHER FINANCING SOURCES</b>			
Insurance recoveries		54,100	3,754
Total other financing sources		<u>54,100</u>	<u>3,754</u>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</b>	<b>712,930</b>	<b>(309,949)</b>	<b>310,324</b>
<b>FUND BALANCE, beginning of year</b>	<u>2,170,527</u>	<u>2,170,527</u>	<u>1,860,203</u>
<b>FUND BALANCE, end of year</b>	<u>2,883,457</u>	<u>1,860,578</u>	<u>2,170,527</u>

INDEPENDENT SCHOOL DISTRICT NO 129 - MONTEVIDEO, MINNESOTA  
GENERAL FUND  
SCHEDULE OF CHANGES IN FUND BALANCE  
YEAR ENDED JUNE 30, 2022

	Fund Balance July 1	Add: Revenues	Deduct: Expenditures	Fund Balance June 30
Nonspendable - prepaids	1,440	223,449		224,889
Restricted for basic skills	3,057	1,017,289	1,020,346	
Restricted for safe schools	30,332	66,023	82,945	13,410
Restricted for basic skills extended time	28,488			28,488
Restricted for artists grant	1,500		500	1,000
Restricted for operating capital	26,554	418,692	302,097	143,149
Restricted for long-term facilities maintenance	876,326	699,720	623,839	952,207
Restricted for student activities	140,102	220,606	228,435	132,273
Restricted for scholarships	107,155	249,788	223,194	133,749
Restricted for ESSER	10,800		10,800	
Restricted for achievement and integration	17,047	211,007	216,817	11,237
Total restricted	<u>1,241,361</u>	<u>2,883,125</u>	<u>2,708,973</u>	<u>1,415,513</u>
Assigned for playground project	14,916	4,250	8,006	11,160
Assigned for program fund		54,236	53,933	303
Total assigned	<u>14,916</u>	<u>58,486</u>	<u>61,939</u>	<u>11,463</u>
Unassigned	<u>912,810</u>	<u>16,573,084</u>	<u>17,277,181</u>	<u>208,713</u>
Total unassigned	<u>912,810</u>	<u>16,573,084</u>	<u>17,277,181</u>	<u>208,713</u>
Total	<u><u>2,170,527</u></u>	<u><u>19,738,144</u></u>	<u><u>20,048,093</u></u>	<u><u>1,860,578</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
 FOOD SERVICE FUND  
 COMPARATIVE BALANCE SHEETS  
 JUNE 30, 2022 AND 2021

	2022	2021
<b>ASSETS</b>		
Equity in pooled cash and investments	519,698	217,826
Due from department of education		306
Due from federal government	199,365	167,868
Due from other governments	31,752	31,752
Accounts receivable	332	121
Inventory	37,075	14,427
	<u>788,222</u>	<u>432,300</u>
<b>TOTAL ASSETS</b>	<b>788,222</b>	<b>432,300</b>
<b>LIABILITIES</b>		
Accounts payable	1,253	9,171
Salaries payable	13,290	12,368
Due to other Minnesota districts	16,171	15,345
	<u>30,714</u>	<u>36,884</u>
<b>TOTAL LIABILITIES</b>	<b>30,714</b>	<b>36,884</b>
<b>FUND BALANCE</b>		
Nonspendable	37,075	14,427
Restricted	720,433	380,989
	<u>757,508</u>	<u>395,416</u>
<b>TOTAL FUND BALANCE</b>	<b>757,508</b>	<b>395,416</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>788,222</b>	<b>432,300</b>

**INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA**  
**FOOD SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**- BUDGET AND ACTUAL -**  
**YEAR ENDED JUNE 30, 2022**  
**(WITH PARTIAL COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)**

	<u>2022</u>		<u>2021</u>
	Final Budget	Actual	Actual
<b>REVENUES</b>			
<b>OTHER LOCAL AND COUNTY REVENUES</b>			
Interest		463	791
Total other local and county revenues		<u>463</u>	<u>791</u>
<b>REVENUES FROM STATE SOURCES</b>			
Special milk program	2,500	2,695	1,349
State summer food service grant	2,000	20,326	202
State school lunch aid		628	
Total revenues from state sources	<u>4,500</u>	<u>23,649</u>	<u>1,551</u>
<b>REVENUES FROM FEDERAL SOURCES</b>			
Federal lunch program aid	500	846,647	
Federal summer food service program	950,000	68,911	921,242
Breakfast program		411,207	
CACFP revenue	58,500	6,773	6,794
Supply chain assistance		27,200	
Commodity distribution	65,000	71,843	55,985
Commodity rebate	1,000	911	1,521
Total revenues from federal sources	<u>1,075,000</u>	<u>1,433,492</u>	<u>985,542</u>
<b>SALES AND OTHER REVENUES</b>			
Sales to pupils	7,000	19,271	4,722
Sales to adults	14,000	6,554	4,691
Other food sales	15,800	2,947	153
Total sales and other revenues	<u>36,800</u>	<u>28,772</u>	<u>9,566</u>
<b>TOTAL REVENUES</b>	<u>1,116,300</u>	<u>1,486,376</u>	<u>997,450</u>

**INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA**  
**FOOD SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**- BUDGET AND ACTUAL -**  
**YEAR ENDED JUNE 30, 2022**  
**(WITH PARTIAL COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)**

	<u>2022</u>		<u>2021</u>
	Final Budget	Actual	Actual
<b>EXPENDITURES</b>			
<b>PUPIL SUPPORT SERVICES</b>			
Salaries	295,456	325,390	293,421
Employee benefits	124,619	62,852	72,246
Purchased services	51,500	179,722	108,699
Supplies/materials	565,000	556,320	423,762
Capital expenditures	10,000		
Total pupil support services	<u>1,046,575</u>	<u>1,124,284</u>	<u>898,128</u>
<b>TOTAL EXPENDITURES</b>	<u>1,046,575</u>	<u>1,124,284</u>	<u>898,128</u>
<b>REVENUES OVER EXPENDITURES</b>	69,725	362,092	99,322
<b>FUND BALANCE, beginning of year</b>	<u>395,416</u>	<u>395,416</u>	<u>296,094</u>
<b>FUND BALANCE, end of year</b>	<u><u>465,141</u></u>	<u><u>757,508</u></u>	<u><u>395,416</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
COMMUNITY SERVICE FUND  
COMPARATIVE BALANCE SHEETS  
JUNE 30, 2022 AND 2021

	2022	2021
<b>ASSETS</b>		
Equity in pooled cash and investments	66,374	
Current property taxes receivable	94,415	85,587
Delinquent property taxes receivable	723	667
Due from department of education	12,877	12,591
Due from federal government		18,550
Prepays	2,496	2,496
	<u>176,885</u>	<u>119,891</u>
<b>TOTAL ASSETS</b>	<b>176,885</b>	<b>119,891</b>
<b>LIABILITIES</b>		
Accounts payable	31,511	4,346
Salaries payable	107,250	109,093
Due to other funds		34,872
Due to other Minnesota districts		675
	<u>138,761</u>	<u>148,986</u>
<b>TOTAL LIABILITIES</b>	<b>138,761</b>	<b>148,986</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unearned revenue - delinquent taxes	723	667
Property taxes levied for subsequent years	197,526	182,887
	<u>198,249</u>	<u>183,554</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>198,249</b>	<b>183,554</b>
<b>FUND BALANCES</b>		
Nonspendable	2,496	2,496
Restricted	128,188	147,278
Unassigned	(290,809)	(362,423)
	<u>(160,125)</u>	<u>(212,649)</u>
<b>TOTAL FUND BALANCES</b>	<b>(160,125)</b>	<b>(212,649)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>176,885</b>	<b>119,891</b>

**INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA**  
**COMMUNITY SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**- BUDGET AND ACTUAL -**  
**YEAR ENDED JUNE 30, 2022**  
**(WITH PARTIAL COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)**

	<u>2022</u>		<u>2021</u>
	Final Budget	Actual	Actual
<b>REVENUES</b>			
<b>LOCAL PROPERTY TAX LEVIES</b>			
Local levies	<u>158,131</u>	<u>175,071</u>	<u>143,127</u>
Total local property tax levies	<u>158,131</u>	<u>175,071</u>	<u>143,127</u>
<b>OTHER LOCAL AND COUNTY REVENUES</b>			
Tuition from patrons	174,740	154,419	112,477
Fees from patrons	818,640	764,722	516,676
Rent from school facilities	1,600	612	200
Miscellaneous local revenue	<u>40,900</u>	<u>192,427</u>	<u>154,566</u>
Total other local and county revenues	<u>1,035,880</u>	<u>1,112,180</u>	<u>783,919</u>
<b>REVENUES FROM STATE SOURCES</b>			
Disparity reduction aid	4,018	5,407	4,479
Ag market value credit	2,425	2,974	2,691
State aids and grants	<u>155,624</u>	<u>157,943</u>	<u>161,686</u>
Total revenues from state sources	<u>162,067</u>	<u>166,324</u>	<u>168,856</u>
<b>REVENUES FROM FEDERAL SOURCES</b>			
Federal aids and grants	<u>                    </u>	<u>25,100</u>	<u>172,268</u>
Total revenues from federal sources	<u>                    </u>	<u>25,100</u>	<u>172,268</u>
<b>TOTAL REVENUES</b>	<u>1,356,078</u>	<u>1,478,675</u>	<u>1,268,170</u>

**INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA**  
**COMMUNITY SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**- BUDGET AND ACTUAL -**  
**YEAR ENDED JUNE 30, 2022**  
**(WITH PARTIAL COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)**

	<u>2022</u>		<u>2021</u>
	Final Budget	Actual	Actual
<b>EXPENDITURES</b>			
<b>COMMUNITY EDUCATION AND SERVICES</b>			
Salaries	944,286	995,288	1,031,481
Employee benefits	250,330	257,440	244,436
Purchased services	63,801	58,384	9,985
Supplies/materials	77,444	91,733	36,292
Capital expenditures	2,500	2,500	
Other expenses	23,500	20,806	14,916
Total community education and services	<u>1,361,861</u>	<u>1,426,151</u>	<u>1,337,110</u>
<b>TOTAL EXPENDITURES</b>	<u>1,361,861</u>	<u>1,426,151</u>	<u>1,337,110</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(5,783)	52,524	(68,940)
<b>FUND BALANCE (DEFICIT), beginning of year</b>	<u>(212,649)</u>	<u>(212,649)</u>	<u>(143,709)</u>
<b>FUND BALANCE (DEFICIT), end of year</b>	<u><u>(218,432)</u></u>	<u><u>(160,125)</u></u>	<u><u>(212,649)</u></u>

INDEPENDENT SCHOOL DISTRICT NO 129 - MONTEVIDEO, MINNESOTA  
COMMUNITY SERVICE FUND  
SCHEDULE OF CHANGES IN FUND BALANCE  
YEAR ENDED JUNE 30, 2022

	Restricted for ECFE	Restricted for School Readiness	Restricted for Community Ed	Restricted for Community Service	Restricted for Adults with Disabilities	Restricted for Toddler Playground	Non- spendable Prepaid	Total
FUND BALANCE (DEFICIT) - JULY 1	88,086	43,294	(358,664)	(3,759)	15,273	625	2,496	(212,649)
Add: Revenues	73,846	213,293	1,183,332	5,437	2,767			1,478,675
Deduct: Expenditures	65,267	241,037	1,106,940	10,215	2,692			1,426,151
FUND BALANCE (DEFICIT) - JUNE 30	<u>96,665</u>	<u>15,550</u>	<u>(282,272)</u>	<u>(8,537)</u>	<u>15,348</u>	<u>625</u>	<u>2,496</u>	<u>(160,125)</u>

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
DEBT REDEMPTION FUND  
COMPARATIVE BALANCE SHEETS  
JUNE 30, 2022 AND 2021

	2022	2021
<b>ASSETS</b>		
Equity in pooled cash and investments	422,547	519,992
Current property taxes receivable	507,746	554,637
Delinquent property taxes receivable	2,620	3,773
Due from department of education	14,919	69,578
	<u>947,832</u>	<u>1,147,980</u>
<b>TOTAL ASSETS</b>		
	<u><u>947,832</u></u>	<u><u>1,147,980</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unearned revenue - delinquent taxes	2,620	3,773
Property taxes levied for subsequent years	790,525	882,045
	<u>793,145</u>	<u>885,818</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>		
	<u>793,145</u>	<u>885,818</u>
<b>FUND BALANCE</b>		
Restricted	154,687	262,162
	<u>154,687</u>	<u>262,162</u>
<b>TOTAL FUND BALANCE</b>		
	<u>154,687</u>	<u>262,162</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
	<u><u>947,832</u></u>	<u><u>1,147,980</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
DEBT REDEMPTION FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2022  
(WITH PARTIAL COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	<u>2022</u>		<u>2021</u>
	Final Budget	Actual	Actual
<b>REVENUES</b>			
<b>LOCAL PROPERTY TAX LEVIES</b>			
Local levies	882,049	593,483	614,373
Total local property tax levies	<u>882,049</u>	<u>593,483</u>	<u>614,373</u>
<b>OTHER LOCAL AND COUNTY REVENUES</b>			
Earnings from temporary investments		657	2,898
Total other local and county revenues		<u>657</u>	<u>2,898</u>
<b>REVENUES FROM STATE SOURCES</b>			
Ag market value credit		14,339	16,011
Long-term facilities maintenance	449,708	353,919	419,764
Disparity reduction aid	245,428	277,229	263,786
Total revenues from state sources	<u>695,136</u>	<u>645,487</u>	<u>699,561</u>
<b>TOTAL REVENUES</b>	<u>1,577,185</u>	<u>1,239,627</u>	<u>1,316,832</u>
<b>EXPENDITURES</b>			
<b>FISCAL AND OTHER FIXED COST PROGRAMS</b>			
Principal payments	1,215,000	1,215,000	1,190,000
Interest payments and fiscal charges	129,940	132,102	164,415
Total fiscal and other fixed cost programs	<u>1,344,940</u>	<u>1,347,102</u>	<u>1,354,415</u>
<b>TOTAL EXPENDITURES</b>	<u>1,344,940</u>	<u>1,347,102</u>	<u>1,354,415</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	232,245	(107,475)	(37,583)
<b>FUND BALANCE, beginning of year</b>	<u>262,162</u>	<u>262,162</u>	<u>299,745</u>
<b>FUND BALANCE, end of year</b>	<u>494,407</u>	<u>154,687</u>	<u>262,162</u>

**SCHEDULES AND STATISTICAL DATA**

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
JUNE 30, 2022

Schedule 1

**GENERAL OBLIGATION CAPITAL FACILITIES BOND, SERIES 2014A**

School Year	Rate	Bond Principal February 1	Bond Interest	Total
2022-23	2.000%	20,000	4,800	24,800
2023-24	3.000%	20,000	4,200	24,200
2024-25	3.000%	20,000	3,600	23,600
2025-26	3.000%	25,000	3,000	28,000
2026-27	3.000%	25,000	2,250	27,250
2027-28	3.000%	25,000	1,500	26,500
2028-29	3.000%	25,000	750	25,750
		160,000	20,100	180,100
		160,000	20,100	180,100

**GENERAL OBLIGATION ALTERNATIVE FACILITIES BOND, SERIES 2014B**

School Year	Rate	Bond Principal February 1	Bond Interest	Total
2022-23	2.050%	655,000	60,040	715,040
2023-24	2.250%	665,000	46,612	711,612
2024-25	3.000%	1,055,000	31,650	1,086,650
		2,375,000	138,302	2,513,302
		2,375,000	138,302	2,513,302

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
JUNE 30, 2022

Schedule 1

**GENERAL OBLIGATION ALTERNATIVE FACILITIES REFUNDING BOND, SERIES 2016A**

<u>School Year</u>	<u>Rate</u>	<u>Bond Principal February 1</u>	<u>Bond Interest</u>	<u>Total</u>
2022-23	2.000%	345,000	14,000	359,000
2023-24	2.000%	355,000	7,100	362,100
		<u>700,000</u>	<u>21,100</u>	<u>721,100</u>

**GENERAL OBLIGATION CAPITAL FACILITIES AND ALTERNATIVE FACILITIES REFUNDING  
BOND, SERIES 2018A**

<u>School Year</u>	<u>Rate</u>	<u>Bond Principal February 1</u>	<u>Bond Interest</u>	<u>Total</u>
2022-23	3.000%	120,000	3,600	123,600
		<u>120,000</u>	<u>3,600</u>	<u>123,600</u>

**INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
TAXABLE VALUATIONS, TAX LEVIES AND TAX RATES, TAX CAPACITY  
AND TAX CAPACITY RATES AS APPROPRIATE**

Schedule 2

Year Collectible	2017	2018	2019	2020	2021	2022
<b>TAXABLE TAX CAPACITY</b>						
Chippewa County	6,964,841	7,178,269	7,236,333	7,443,550	7,649,142	7,875,235
Lac Qui Parle County	974,563	931,880	1,020,643	1,001,288	1,027,182	1,047,819
Yellow Medicine County	386,327	390,474	386,754	381,550	401,109	404,890
<b>Total</b>	<b><u>8,325,731</u></b>	<b><u>8,500,623</u></b>	<b><u>8,643,730</u></b>	<b><u>8,826,388</u></b>	<b><u>9,077,433</u></b>	<b><u>9,327,944</u></b>
<b>TAX LEVIES EXTENDED BY COUNTY AUDITOR</b>						
Extended in Year	2016	2017	2018	2019	2020	2021
Collected in Year	2017	2018	2019	2020	2021	2022
Maintenance	1,385,281	1,589,472	1,659,330	1,728,292	1,762,903	1,733,054
Community Service	105,071	103,557	104,243	150,402	182,911	197,659
Debt Redemption	1,024,398	1,024,171	903,875	893,583	882,054	791,383
<b>Total</b>	<b><u>2,514,750</u></b>	<b><u>2,717,200</u></b>	<b><u>2,667,448</u></b>	<b><u>2,772,277</u></b>	<b><u>2,827,868</u></b>	<b><u>2,722,096</u></b>
<b>TAX CAPACITY RATES</b>						
Maintenance	16.639	18.698	19.197	19.581	19.421	18.579
Community Service	1.262	1.218	1.206	1.704	2.015	2.119
Debt Redemption	12.304	12.048	10.457	10.124	9.717	8.484
<b>Total</b>	<b><u>30.205</u></b>	<b><u>31.964</u></b>	<b><u>30.860</u></b>	<b><u>31.409</u></b>	<b><u>31.153</u></b>	<b><u>29.182</u></b>

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2022

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Federal Expenditures
<b>U.S. Department of Agriculture</b>		
Nutrition Cluster		
Pass-through programs from MN Department of Education:		
Commodities	10.555	99,954
Summer Food Service Program - COVID-19	10.559	68,911
National School Breakfast/Lunch - COVID-19	10.553/10.555	<u>1,257,854</u>
Total Nutrition Cluster		<u>1,426,719</u>
Non-Clustered Programs		
Pass-through programs from MN Department of Education:		
Child and Adult Care Food Program	10.558	<u>6,773</u>
Total Non-Clustered Programs		<u>6,773</u>
<b>U.S. Department of Education</b>		
Title I Grant Cluster		
Pass-through program from MN Department of Education:		
Chapter I	84.010	<u>183,573</u>
Total Title I Grant Cluster		<u>183,573</u>
Special Education Cluster		
Pass-through programs from SW/WC ECSU:		
Special Ed General	84.027	53,000
Early Childhood Special Ed	84.173	3,251
Carl Perkins	84.048A	<u>200</u>
Total Special Education Cluster		<u>56,451</u>
Educational Stabilization Fund Cluster		
Pass-through programs from MN Department of Education:		
Governor's Emergency Ed Relief - COVID-19	84.425C	26,376
Elementary and Secondary School Education Relief - COVID 19	84.425D	<u>428,094</u>
Total Educational Stabilization Fund Cluster		<u>454,470</u>
Non-Clustered Programs		
Pass-through programs from MN Department of Education:		
Title IV Part A - Student Support and Academic Enrichment	84.287	12,273
Title III Part A - Immigrant Children and Youth	84.365	46,629
Teacher and Principal Training	84.367	<u>34,441</u>
Total Non-Clustered Programs		<u>93,343</u>

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2022

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Federal Expenditures
U.S. Department of Treasury		
Pass-through programs from MN Department of Education:		
School Age Child Care - COVID 19	21.027	13,100
Summer Preschool Program - COVID 19	21.027	12,000
Summer Academic Enrich and Mental Health - COVID-19	21.027	59,510
Pandemic Enrollment Loss - COVID-19	21.027	90,311
Total Non-Clustered Programs		<u>174,921</u>
Total Expenditures of Federal Awards		<u><u>2,396,250</u></u>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**NOTE A: Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Independent School District #129, Montevideo, Minnesota under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Independent School District #129, Montevideo, Minnesota, it is not intended to and does not present the financial position, changes in net position, or cash flows of Independent School District #129, Montevideo, Minnesota.

**NOTE B: Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE C: Indirect Cost Rate**

Independent School District #129, Montevideo, Minnesota has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE D: Donated Commodities**

Nonmonetary assistance of \$71,843 related to commodities, is reported in the schedule at the fair market value of the commodities received.

**ADDITIONAL REPORTS REQUIRED BY GENERALLY  
ACCEPTED GOVERNMENT  
AUDITING STANDARDS AND UNIFORM GUIDANCE**



**DANA F. COLE  
& COMPANY<sup>LLP</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Education  
Independent School District No. 129  
Montevideo, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 129, Montevideo, Minnesota, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Independent School District No. 129, Montevideo, Minnesota's basic financial statements and have issued our report thereon dated December 13, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Independent School District No. 129, Montevideo, Minnesota's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Independent School District No. 129, Montevideo, Minnesota's internal control. Accordingly, we do not express an opinion on the effectiveness of Independent School District No. 129, Montevideo, Minnesota's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Independent School District No. 129, Montevideo, Minnesota's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Independent School District No. 129, Montevideo, Minnesota's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on Independent School District No. 129, Montevideo, Minnesota's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Independent School District No. 129, Montevideo, Minnesota's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## Purpose of this Report

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

Montevideo, Minnesota  
December 13, 2022

*Dana F. Cook & Company, CP*



**DANA F. COLE  
& COMPANY<sup>LLP</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Education  
Independent School District No. 129  
Montevideo, Minnesota

Report on Compliance for Each Major Federal Program

*Opinion on Each Major Federal Program*

We have audited Independent School District No. 129, Montevideo, Minnesota's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Independent School District No. 129, Montevideo, Minnesota's major federal programs for the year ended June 30, 2022. Independent School District No. 129, Montevideo, Minnesota's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Independent School District No. 129, Montevideo, Minnesota, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

*Basis for Opinion on Each Major Federal Program*

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

We are required to be independent of Independent School District No. 129, Montevideo, Minnesota, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Independent School District No. 129, Montevideo, Minnesota's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Independent School District No. 129, Montevideo, Minnesota's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Independent School District No. 129, Montevideo, Minnesota's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Independent School District No. 129, Montevideo, Minnesota's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Independent School District No. 129, Montevideo, Minnesota's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Independent School District No. 129, Montevideo, Minnesota's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Independent School District No. 129, Montevideo, Minnesota's internal control over compliance. Accordingly, no such opinion is expressed.

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

## Report on Internal Control Over Compliance

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

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

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

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

Montevideo, Minnesota  
December 13, 2022

*Dana F. Cook - Company UP*

**OTHER REQUIRED REPORT  
AND SCHEDULES**

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED JUNE 30, 2022

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors report issued: Unmodified

Internal control over financial reporting:

Material weakness identified:  Yes  No

Significant deficiencies identified that are not considered to be material weaknesses:  Yes  No

Noncompliance matter to the financial statements disclosed:  Yes  No

Federal Awards

Internal control over major programs:

Material weakness identified:  Yes  No

Significant deficiencies identified that are not considered to be material weaknesses:  Yes  No

Type of auditors' report issued on Compliance for major programs: Unmodified

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

Identification of major programs:  
 Educational Stabilization Fund – COVID-19 84.425C/84.425D  
 Nutrition Cluster – COVID-19 10.553/10.555/10.559

Dollar threshold used to distinguish Between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee:  Yes  No

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

2022-001: Significant Deficiency in Financial Reporting

**Criteria:** District management should possess the ability to prepare financial statements prepared in accordance with generally accepted accounting principles. This would include the ability to properly record and classify transaction in a general ledger, measure and record accrual basis adjustments to the accounts, and prepare the financial statements and related disclosures without the assistance from the auditors.

**Condition:** District management relies on the audit staff to prepare financial statements and disclosures required by generally accepted accounting principles. In addition, the auditors proposed adjustments that result in significant changes to the District's financial statements.

**Cause:** The District's Chief School Business Official reviews all financial statements to ensure that they are appropriately stated, but does not have the background in financial reporting to ensure that all relevant disclosures are made.

**Effect:** The design of the controls over financial reporting process would affect the ability of the District to report their financial data consistently with the assertions of management in the financial statements.

**Recommendation:** We recommend that District management be aware of the responsibilities regarding financial reporting. If management chooses to undertake these financial reporting responsibilities, a number of policies, procedures, and reviews will need to be developed and implemented.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM CLUSTER AUDIT

None

INDEPENDENT SCHOOL DISTRICT NO. 129 - MONTEVIDEO, MINNESOTA  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2022

**2021-001: Material Weakness in Financial Statements Reporting**

**Condition:** The District relied on audit staff to prepare financial statements and disclosures required by general accepted accounting principles. In addition, the auditors proposed adjustments that resulted in significant changes to the District's financial statements.

**Recommendation:** The auditors recommended that the District's management be aware of the responsibilities regarding financial reporting. Management has decided not to undertake the financial reporting responsibilities, related to financial statement preparation.

**Current Status:** This is a significant deficiency finding in the fiscal year 2022 audit.



**DANA F. COLE  
& COMPANY<sup>LLP</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

To the Board of Education  
Independent School District No. 129  
Montevideo, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 129, Montevideo, Minnesota as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 13, 2022.

In connection with our audit, nothing came to our attention that caused us to believe that Independent School District No. 129, Montevideo, Minnesota failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards (UFARS) sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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

Montevideo, Minnesota  
December 13, 2022

*Dana F. Cole + Company LLP*

Fiscal Compliance Report - 6/30/2022

Help Logoff

District: MONTEVIDEO (129-1) Back Print

	Audit	UFARS	Audit - UFARS		Audit	UFARS	Audit - UFARS
<b>01 GENERAL FUND</b>				<b>06 BUILDING CONSTRUCTION</b>			
Total Revenue	\$19,684,044	\$19,684,044	\$0	Total Revenue	\$0	\$0	\$0
Total Expenditures	\$20,048,093	\$20,048,092	\$1	Total Expenditures	\$0	\$0	\$0
<i>Non Spendable:</i>				<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$224,889	\$224,889	\$0	4.60 Non Spendable Fund Balance	\$0	\$0	\$0
<i>Restricted / Reserved:</i>				<i>Restricted / Reserved:</i>			
4.01 Student Activities	\$132,273	\$132,273	\$0	4.07 Capital Projects Levy	\$0	\$0	\$0
4.02 Scholarships	\$133,749	\$133,749	\$0	4.13 Project Funded by COP	\$0	\$0	\$0
4.03 Staff Development	\$0	\$0	\$0	4.67 LTFM	\$0	\$0	\$0
4.07 Capital Projects Levy	\$0	\$0	\$0	<i>Restricted:</i>			
4.08 Cooperative Revenue	\$0	\$0	\$0	4.64 Restricted Fund Balance	\$0	\$0	\$0
4.13 Project Funded by COP	\$0	\$0	\$0	<i>Unassigned:</i>			
4.14 Operating Debt	\$0	\$0	\$0	4.63 Unassigned Fund Balance	\$0	\$0	\$0
4.16 Levy Reduction	\$0	\$0	\$0	<b>07 DEBT SERVICE</b>			
4.17 Taconite Building Maint	\$0	\$0	\$0	Total Revenue	\$1,239,627	\$1,239,628	(\$1)
4.24 Operating Capital	\$143,149	\$143,149	\$0	Total Expenditures	\$1,347,102	\$1,347,103	(\$1)
4.26 \$25 Taconite	\$0	\$0	\$0	<i>Non Spendable:</i>			
4.27 Disabled Accessibility	\$0	\$0	\$0	4.60 Non Spendable Fund Balance	\$0	\$0	\$0
4.28 Learning & Development	\$0	\$0	\$0	<i>Restricted / Reserved:</i>			
4.34 Area Learning Center	\$0	\$0	\$0	4.25 Bond Refundings	\$0	\$0	\$0
4.35 Contracted Alt. Programs	\$0	\$0	\$0	4.33 Maximum Effort Loan Aid	\$0	\$0	\$0
4.36 State Approved Alt. Program	\$0	\$0	\$0	4.51 QZAB Payments	\$0	\$0	\$0
4.38 Gifted & Talented	\$0	\$0	\$0	4.67 LTFM	\$0	\$0	\$0
4.40 Teacher Development and Evaluation	\$0	\$0	\$0	<i>Restricted:</i>			
4.41 Basic Skills Programs	\$0	\$0	\$0	4.64 Restricted Fund Balance	\$154,687	\$154,687	\$0
4.48 Achievement and Integration	\$11,237	\$11,237	\$0	<i>Unassigned:</i>			
4.49 Safe School Crime - Crime Levy	\$13,410	\$13,410	\$0	4.63 Unassigned Fund Balance	\$0	\$0	\$0
4.51 QZAB Payments	\$0	\$0	\$0	<b>08 TRUST</b>			
4.52 OPEB Liab Not In Trust	\$0	\$0	\$0	Total Revenue	\$0	\$0	\$0
4.53 Unfunded Sev & Retirement Levy	\$0	\$0	\$0	Total Expenditures	\$0	\$0	\$0
4.59 Basic Skills Extended Time	\$28,488	\$28,488	\$0	<i>Restricted / Reserved:</i>			
4.67 LTFM	\$952,207	\$952,207	\$0	4.01 Student Activities	\$0	\$0	\$0
4.72 Medical Assistance	\$0	\$0	\$0	4.02 Scholarships	\$0	\$0	\$0
4.73 PPP Loan	\$0	\$0	\$0	4.22 Unassigned Fund Balance (Net Assets)	\$0	\$0	\$0
4.74 EIDL Loan	\$0	\$0	\$0	<b>18 CUSTODIAL</b>			
<i>Restricted:</i>				Total Revenue	\$0	\$0	\$0
4.64 Restricted Fund Balance	\$1,000	\$1,000	\$0	Total Expenditures	\$0	\$0	\$0
4.75 Title VII Impact Aid	\$0	\$0	\$0	<i>Restricted / Reserved:</i>			
4.76 Payments in Lieu of Taxes	\$0	\$0	\$0	4.01 Student Activities	\$0	\$0	\$0
<i>Committed:</i>				4.02 Scholarships	\$0	\$0	\$0
4.18 Committed for Separation	\$0	\$0	\$0	4.48 Achievement and Integration	\$0	\$0	\$0
4.61 Committed Fund Balance	\$0	\$0	\$0	4.64 Restricted Fund Balance	\$0	\$0	\$0
<i>Assigned:</i>				<b>20 INTERNAL SERVICE</b>			
4.62 Assigned Fund Balance	\$11,463	\$11,463	\$0	Total Revenue	\$0	\$0	\$0
<i>Unassigned:</i>				Total Expenditures	\$0	\$0	\$0
4.22 Unassigned Fund Balance	\$208,713	\$208,713	\$0	4.22 Unassigned Fund Balance (Net Assets)	\$0	\$0	\$0
<b>02 FOOD SERVICES</b>				<b>25 OPEB REVOCABLE TRUST</b>			
Total Revenue	\$1,486,376	\$1,486,377	(\$1)	Total Revenue	\$0	\$0	\$0
Total Expenditures	\$1,124,284	\$1,124,285	(\$1)	Total Expenditures	\$0	\$0	\$0
<i>Non Spendable:</i>				<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$37,075	\$37,075	\$0	<i>Restricted / Reserved:</i>			
<i>Restricted / Reserved:</i>				<i>Restricted / Reserved:</i>			
4.52 OPEB Liab Not In Trust				<i>Unassigned:</i>			

4.74 EIDL Loan	\$0	\$0	\$0
<i>Restricted:</i>	\$0	\$0	\$0
4.64 Restricted Fund Balance	\$720,433	<u>\$720,433</u>	\$0
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	\$0	\$0
<b>04 COMMUNITY SERVICE</b>			
Total Revenue	\$1,478,875	<u>\$1,478,875</u>	\$0
Total Expenditures	\$1,426,181	<u>\$1,426,152</u>	(\$1)
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$2,488	<u>\$2,488</u>	\$0
<i>Restricted / Reserved:</i>			
4.26 \$25 Taconite	\$0	\$0	\$0
4.31 Community Education	(\$282,272)	<u>(\$282,272)</u>	\$0
4.32 E.C.F.E	\$98,685	<u>\$98,685</u>	\$0
4.40 Teacher Development and Evaluation	\$0	\$0	\$0
4.44 School Readiness	\$15,550	<u>\$15,550</u>	\$0
4.47 Adult Basic Education	\$0	\$0	\$0
4.52 OPEB Liab Not In Trust	\$0	\$0	\$0
4.73 PPP Loan	\$0	\$0	\$0
4.74 EIDL Loan	\$0	\$0	\$0
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$7,436	<u>\$7,436</u>	\$0
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	\$0	\$0

4.22 Unassigned Fund Balance (Net Assets)	\$0	\$0	\$0
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**45 OPEB IRREVOCABLE TRUST**

Total Revenue	\$0	\$0	\$0
Total Expenditures	\$0	\$0	\$0
4.22 Unassigned Fund Balance (Net Assets)	\$0	\$0	\$0

**47 OPEB DEBT SERVICE**

Total Revenue	\$0	\$0	\$0
Total Expenditures	\$0	\$0	\$0
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$0	\$0	\$0
<i>Restricted:</i>			
4.25 Bond Refundings	\$0	\$0	\$0
4.64 Restricted Fund Balance	\$0	\$0	\$0
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	\$0	\$0



December 13, 2022

To the Board of Education  
Independent School District No. 129  
2001 Williams Avenue  
Montevideo, Minnesota 56265

RE: AU-C 260

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 129, Montevideo, Minnesota for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 12, 2022. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Independent School District No. 129, Montevideo, Minnesota are described in Note 1 to the financial statements. As described in Note 1, Independent School District No. 129, Montevideo, Minnesota adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, during 2022. This standard was applied retrospectively, and had no effect on the net position as of July 1, 2021. We noted no transactions entered into by Independent School District No. 129, Montevideo, Minnesota during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

- Management's estimate of certain state receivables is based on their current knowledge of student and expense data at the District and State levels. We evaluated the receivable calculations performed by management.
- Management's estimate of depreciation expense is based on management's past experience as to the useful lives of depreciable assets. We evaluated the key factors and assumptions used to develop the useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

Independent School District No. 129

December 13, 2022

Page two

- Management's estimates of OPEB, Severance payables, and Net Pension Liabilities for PERA and TRA are based on actuarial studies.

#### *Difficulties Encountered in Performing the Audit*

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

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

The following material misstatements detected as a result of audit procedures were corrected by management:

- Reclassify revenues and receivables.
- Adjusting long term debt.
- Adjust fixed assets.
- Adjusting ALC general ed and District general ed.
- Adjust delinquent and deferred taxes
- Adjust current year fund balance amounts.

#### *Disagreements with Management*

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

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 13, 2022.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Independent School District No. 129, Montevideo, Minnesota's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Independent School District No. 129, Montevideo, Minnesota's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Other Matters**

We applied certain limited procedures to the management's discussion and analysis, the GASBS 73 Early Retirement Incentive schedules, the GASBS 75 Other Post Employment Benefit schedules, and the GASBS 68 Pension Schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the individual major fund financial statements, schedules and statistical tables, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statement themselves.

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

**Restriction on Use**

This information is intended solely for the information and use of the Board of Education, management of the Independent School District No. 129, Montevideo, Minnesota, federal awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Yours truly,



AMY J. BJORNJELD, CPA  
For the Firm

e-mail: [bjornjeld@danacole.com](mailto:bjornjeld@danacole.com)

**Independent School District No. 129**

Passed Adjustments

6.30.2022

<b>GOVERNMENT WIDE</b>	<u>Asset</u>	<u>Liability</u>	<u>Equity</u>	<u>Revenue</u>	<u>Expense</u>	<u>Change in Net Assets</u>
CY investments not recorded at market	26,094		26,094	26,094		26,094
PY AP not recorded - settlement					50,000	(50,000)
PY food inventory overstated					5,473	(5,473)
	<u>26,094</u>	<u>0</u>	<u>26,094</u>	<u>26,094</u>	<u>55,473</u>	<u>(29,379)</u>
<b>F/S Balances</b>	<u>25,508,826</u>	<u>33,065,465</u>	<u>(7,556,639)</u>	<u>23,934,208</u>	<u>22,384,821</u>	<u>1,549,387</u>
<b>Percent</b>	<u>0.1023%</u>	<u>0.0000%</u>	<u>-0.3453%</u>	<u>0.1090%</u>	<u>0.2478%</u>	<u>-1.8962%</u>
<b>GENERAL FUND</b>	<u>Asset</u>	<u>Liability</u>	<u>Equity</u>	<u>Revenue</u>	<u>Expense</u>	<u>Change in Net Assets</u>
CY -accrued vacation taken within 60 was not recorded		(19,817)	19,817		(19,817)	19,817
PY AP not recorded - settlement					50,000	50,000
PY accrued vacation taken within 60 was not recorded					16,845	(16,845)
	<u>0</u>	<u>(19,817)</u>	<u>19,817</u>	<u>0</u>	<u>47,028</u>	<u>52,972</u>
<b>F/S Balances</b>	<u>5,125,286</u>	<u>3,264,708</u>	<u>1,860,578</u>	<u>19,738,144</u>	<u>20,048,093</u>	<u>(309,949)</u>
<b>Percent</b>	<u>0.0000%</u>	<u>-0.6070%</u>	<u>1.0651%</u>	<u>0.0000%</u>	<u>0.2346%</u>	<u>-17.0906%</u>
<b>FOOD SERVICE FUND</b>	<u>Asset</u>	<u>Liability</u>	<u>Equity</u>	<u>Revenue</u>	<u>Expense</u>	<u>Net Assets</u>
PY food inventory understated					5,473	(5,473)
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,473</u>	<u>(5,473)</u>
<b>F/S Balances</b>	<u>788,222</u>	<u>30,714</u>	<u>757,508</u>	<u>1,486,376</u>	<u>1,124,284</u>	<u>362,092</u>
<b>Percent</b>	<u>0.0000%</u>	<u>0.0000%</u>	<u>0.0000%</u>	<u>0.0000%</u>	<u>0.4868%</u>	<u>-1.5115%</u>