INDEPENDENT SCHOOL DISTRICT #255
PINE ISLAND, MINNESOTA

FINANCIAL STATEMENTS

June 30, 2023

INDEPENDENT SCHOOL DISTRICT #255
PINE ISLAND, MINNESOTA
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PINE ISLAND, MINNESOTA
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INDEPENDENT SCHOOL DISTRICT #255
PINE ISLAND, MINNESOTA

INTRODUCTORY SECTION

JUNE 30, 2023

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INDEPENDENT SCHOOL DISTRICT #255
PINE ISLAND, MINNESOTA
BOARD OF EDUCATION AND ADMINISTRATION
JUNE 30, 2023

Board of Education

Rob Warneke	Chairperson
Emily Miller	Clerk
Ted Morrison	Treasurer
Adam Miller	Director
Kristi Harney	Director
Patrick Johnston	Director
Ron Peterson-Rucker	Director

Superintendent

Dr. Tamara Champa

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INDEPENDENT SCHOOL DISTRICT #255
PINE ISLAND, MINNESOTA

FINANCIAL SECTION

JUNE 30, 2023

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SMITHSCHAFER

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Independent School District #255
Pine Island, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Independent School District #255, Pine Island, Minnesota, as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not 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 response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, Uniform Financial Accounting and Reporting Standards Compliance Table, and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Supplementary Information (continued)

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, Uniform Financial Accounting and Reporting Standards Compliance Table, and the 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 report. The other information comprises the introductory section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Summarized Comparative Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued a report dated October 4, 2023, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Smith, Schafer and Associates, Ltd.

Rochester, Minnesota
October 4, 2023

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INDEPENDENT SCHOOL DISTRICT #255
PINE ISLAND, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Independent School District #255 – Pine Island Schools' annual financial report presents our discussion and analysis of the District's financial performance during the year that ended on June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

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

- Total Assets and Deferred Outflows of Resources: $102,150,121.
- Overall revenues for the General Fund were $18,078,740 while overall expenditures totaled $20,052,296.
- The General Fund Unassigned Fund Balance is $1,734,247. This represents a decrease of $277,713 from last year. This decrease is a reflection of the District investing money into a land purchase for a future building project along with an increase in special education. The Restricted General Fund balances included State required reserves for long-term facilities maintenance, safe schools, student activities, and scholarships. These balances totaled $626,290 as compared to a balance of $492,570 last fiscal year.
- The General Fund total fund balance decreased by $735,485 from the prior year. This decrease is due to the District purchasing land for future building projects, increases in expense for special education, curriculum, and sports facilities.
- The Food Service Fund total fund balance increased by $38,024 from the prior year.
- The Community Service Fund total fund balance increased by $97,629 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund-financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

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

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

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

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

Fund Financial Statements. The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (i.e. scholarship trust fund).

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The District has two kinds of funds:

- ***Governmental funds.*** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information following the governmental funds statements that explains the relationship (or difference) between them.
- ***Fiduciary funds.*** The District is the trustee, or fiduciary, for assets that belong to others, such as the trust fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position from Governmental activities was a deficit ($792,310) for the year ended June 30, 2023. This was an increase in net position of $1,522,263 from the prior year.

	Total	
	2023	2022
Assets		
Current and other assets	$ 43,913,612	$ 50,025,253
Capital assets	53,594,341	49,761,280
Total assets	97,507,953	99,786,533
Deferred Outflows of Resources		
Total deferred outflows of resources	4,642,168	4,361,419
Liabilities		
Current liabilities	2,633,488	3,773,224
Long-Term liabilities	93,407,553	87,643,413
Total liabilities	96,041,041	91,416,637
Deferred Inflows of Resources		
Total deferred inflows of resources	6,901,390	15,045,888
Net Position		
Net investment in capital assets	6,895,511	6,834,550
Restricted	1,655,333	1,385,960
Unrestricted	(9,343,154)	(10,535,083)
Total net position	$ (792,310)	$ (2,314,573)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

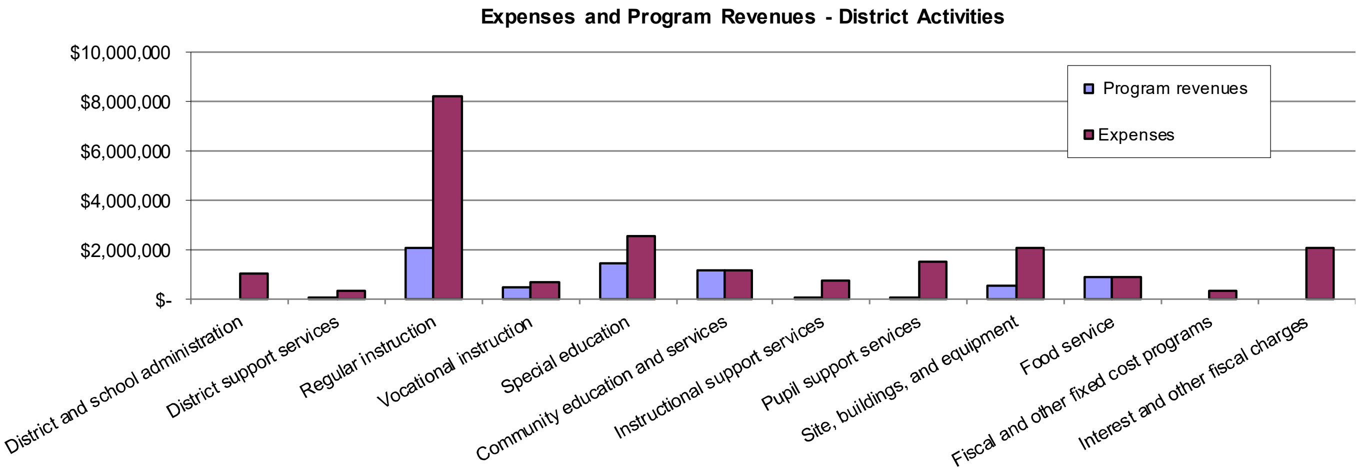
District's Revenue. The District's total revenues were $23,317,145 for the year ended June 30, 2023; compared to $22,054,105 for the year ended June 30, 2022. Local property taxes (levies) accounted for 20% percent (compared to 17% the previous year) of the total revenue, with the remaining revenue coming from other sources – primarily the State formula aid.

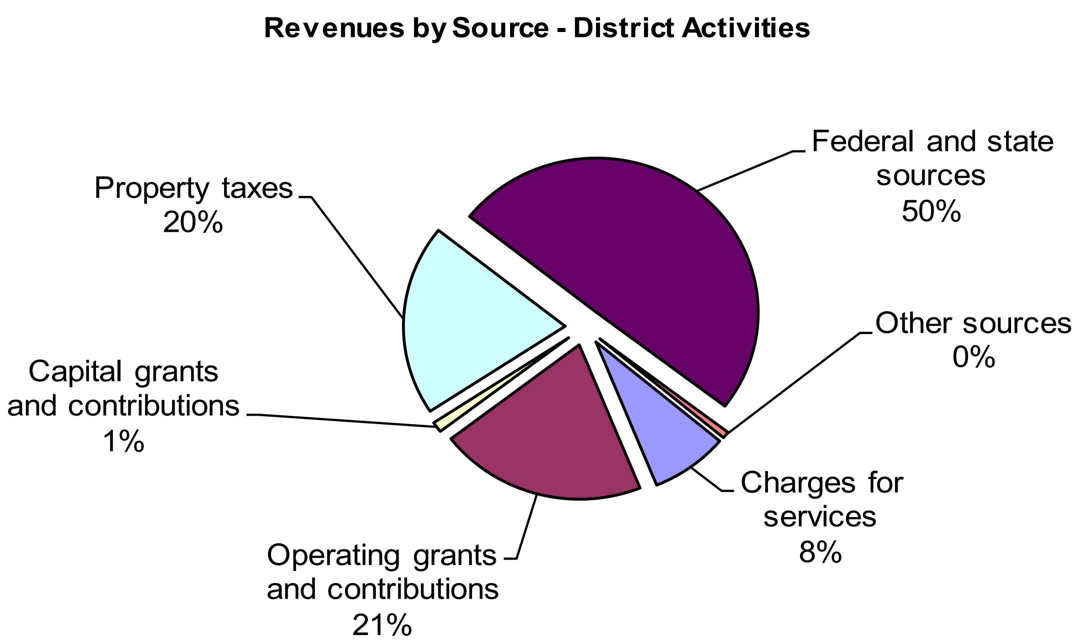
A condensed version of the Statement of Activities follows:

	Total	
	2023	2022
Revenue		
Program revenues:		
Charges for services	$ 1,811,490	$ 1,686,878
Operating grants and contributions	4,831,991	5,070,287
Capital grants and contributions	255,909	254,771
General revenues:		
Property taxes	4,654,554	3,811,124
Federal and state sources	11,599,971	11,113,130
Other sources	163,230	117,915
Total revenues	23,317,145	22,054,105
Expenses		
District and school administration	1,019,826	865,578
District support services	341,959	409,611
Regular instruction	8,224,225	9,172,067
Vocational instruction	733,058	373,028
Special education	2,582,158	2,107,205
Community education and services	1,169,754	972,661
Instructional support services	772,452	821,798
Pupil support services	1,521,677	1,536,516
Site, buildings, and equipment	2,106,790	1,487,275
Food service	903,525	1,138,182
Fiscal and other fixed cost programs	345,251	111,972
Interest and other fiscal charges	2,074,207	2,277,494
Total expenses	21,794,882	21,273,387
Change in net position	1,522,263	780,718
Net position - beginning	(2,314,573)	(3,095,291)
Net position, ending	$ (792,310)	$ (2,314,573)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

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





FUND BASIS FINANCIAL ANALYSIS

Financial Analysis of the District's Funds

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of $37,567,206.

The District enrollment increased and is expected to have slow growth over the next few years.

History of enrollment measured by adjusted average daily membership (ADM):

Fiscal Year	ADM	% Change
2014	1,213.10	
2015	1,237.16	2.0%
2016	1,267.69	2.5%
2017	1,276.51	0.7%
2018	1,325.52	3.8%
2019	1,360.80	2.7%
2020	1,376.49	1.2%
2021	1,436.06	4.3%
2022	1,474.39	2.7%
2023	1,492.38	1.2%

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

Total General Fund operating revenue increased $1,355,277 from the previous year (being $18,078,740 in 2023, and $16,723,463 in 2022). The primary increases were in the State Sources (increase on Basic Aid formula along with increase enrollment), increase in property tax funding, and the sale of construction house. Basic general education revenue is determined by a state per student funding formula and consists of an equalized mix of property tax and state aid revenue. Other state-authorized revenue includes excess levy referendum and the property tax shift also involves an equalized mix of property tax and state aid revenue. Therefore, the mix of property tax and state aid can change significantly from year to year without any net revenue change.

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

FUND BASIS FINANCIAL ANALYSIS (Continued)

General fund revenues were as follows:

	2023	2022	Increase/ (Decrease)
Local property tax levies	$ 2,212,309	$ 1,388,714	$ 823,595
Other local and county sources	478,742	622,612	(143,870)
Investment income	6,369	5,811	558
State sources	14,208,792	13,545,175	663,617
Federal sources	646,154	795,826	(149,672)
Sales and other conversions of assets	526,374	365,325	161,049
Total General Fund Revenues	$ 18,078,740	$ 16,723,463	$ 1,355,277

Total General Fund expenditures increased $3,996,908 from the previous year. The increase in the General Fund expenditures was from the District investing money into their special education department, investment into purchasing land for future developments and increased cost of the construction home.

General fund expenditures were as follows:

	2023	2022	Increase/ (Decrease)
District and school administration	$ 1,147,700	$ 966,279	$ 181,421
District support services	321,820	396,967	(75,147)
Regular instruction	8,531,422	8,329,773	201,649
Vocational instruction	800,763	382,961	417,802
Special education	3,068,853	2,173,414	895,439
Instructional support services	805,310	828,264	(22,954)
Pupil support services	1,669,906	1,542,026	127,880
Site, buildings, and equipment	3,121,549	1,329,384	1,792,165
Fiscal and other fixed cost programs	584,973	106,320	478,653
Total General Fund Expenditures	$ 20,052,296	$ 16,055,388	$ 3,996,908

The total General Fund balance on June 30, 2023, is $3,069,303 compared to $3,804,788 on June 30, 2022 (decrease of $735,485). Of the total fund balance amount, $1,335,056 is nonspendable, restricted, or assigned – leaving an amount of $1,734,247 in the Unassigned General Fund Balance.

FUND BASIS FINANCIAL ANALYSIS (Continued)

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

The Food Service fund balance increased by $38,024. On June 30, 2023 the balance was $403,351; compared to the prior year balance of $365,327. The increase is a reflection of higher usage and receiving federal funds for supply chain assistance.

The Food Service revenue for 2022-2023 totaled $924,367 compared to $1,357,172 the previous year – a decrease of $432,805. The decrease is a reflection of being in the summer seamless food program that reimbursed at a higher rate than school nutrition program that the District was under in 2022-2023.

The Food Service expenditures for 2022-2023 totaled $886,343 compared to $1,138,182 the previous year – a decrease in expenditures of $251,839. This decrease was primarily due to bringing the food service department in house and lowering the overhead costs.

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

The Community Service fund realized an increase in fund balance of $97,629. This increase was due to increased fees in ECFE and school readiness.

Community Service fund revenues for 2022-2023 totaled $1,323,394 compared to $1,292,157 in the previous year. This was an increase in revenue of $31,237 due to increased fees for ECFE and school readiness and COVID grants for school aged care.

Community Service fund expenditures for 2022-2023 totaled $1,225,765; compared to $995,381 in the previous year. This was an increase in expenditures of $230,384 from having more ECFE classes and COVID related expense in school age care.

Building Construction Fund. The Building Construction fund accounts for the resources related to the additions and upgrades to building facilities.

The Building Construction fund balance was $229,106 at year-end.

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

The Debt Service fund balance decreased by $650,094 in 2022-2023.

The fund balance of $33,239,754 as of June 30, 2023 along with the 2022-2023 levy and state aid is sufficient to make pending principal and interest payments on the remaining outstanding obligations along with the retirement of a previous refunding bond.

Fiduciary Funds. Private-purpose trust (scholarship trust) fund is the District's fiduciary fund. The net position of the scholarship trust is $213,844 (compared to $233,285 in the previous year).

GENERAL FUND BUDGETARY HIGHLIGHTS

The District provided a revised 2022-2023 budget in March of 2023. The revenue was increased $1,186,235 due primarily to higher enrollment, increased special education revenue, and the sale of the construction house.

The actual 2023 revenue was $393,442 more than the revised budget revenue due to higher enrollment.

The revised 2023 budget stated expenditures at $2,608,263 higher than the original 2023 budget. The actual expenditures were $1,140,261 higher than projected. This relates to investments into the District's special education department and purchase of land for future development.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2023, the District had invested $53,594,341 (net of accumulated depreciation and amortization) in a broad range of capital assets including school buildings, athletic facilities, technology equipment, and other types of equipment. Capital assets are recorded in the District-wide financial statements but are not reported in the Fund financial statements.

	Total (Net of Depreciation and Amortization)	
	2023	2022
Land	$ 2,336,396	$ 1,036,396
Construction in progress		2,843,551
Land improvements	1,975,950	2,092,843
Buildings	48,248,639	42,935,820
Machinery and equipment	931,853	852,670
Right of use asset	101,503	
Total	$ 53,594,341	$ 49,761,280

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Long Term Liabilities. As of June 30, 2023, the District had $72,481,289 in bonds payable and premium and $5,914,296 in certificates of participation and premium outstanding. The District also had compensated absences payable of $221,906, contract for deed of $989,829, and capital leases and leases payable of $142,946 at the end of the year.

A summary of outstanding long-term liabilities as of June 30, 2023, is as follows:

	Total	
	2023	2022
General obligation bonds	$ 71,030,000	$ 72,390,000
Bond premium	1,451,289	1,531,774
Certificates of participation 2021B	5,780,000	5,910,000
Contract for deed	989,829	
Compensated absences payable	221,906	135,369
Other long-term debt premium	134,296	139,879
Capital lease payable	39,029	83,111
Lease payable	103,917	
Total	$ 79,750,266	$ 80,190,133

The 2021A School Building Refunding Bonds were issued in FY 2020-2021. The proceeds of this bond are held in escrow to be used to refund the 2014A School Building Bonds when callable on February 1, 2024. This refunding reduces total debt service payments for the district by approximately $4.5 million.

FACTORS BEARING ON THE DISTRICT'S FUTURE

With the continued uncertainty of the State's economic condition, it is imperative to have a strong relationship with the community at large. With ongoing communication, the District will maintain its long-standing commitment to academic excellence and exceptional educational opportunities for students while remaining fiscally responsible.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Office, Independent School District #255, 223 1st Ave SE, Pine Island, Minnesota 55963.

INDEPENDENT SCHOOL DISTRICT #255
PINE ISLAND, MINNESOTA

BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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INDEPENDENT SCHOOL DISTRICT #255
PINE ISLAND, MINNESOTA
STATEMENT OF NET POSITION
June 30, 2023
With Comparative Data as of June 30, 2022

	Governmental Activities	
	2023	2022
Assets		
Cash and investments	$ 6,468,890	$ 11,761,246
Taxes receivable	2,459,628	2,598,790
Other receivables		21,435
Lease receivable	44,059	
Due from other governmental units	1,866,234	1,908,885
Inventory	429,866	453,954
Prepaid items	46,925	10,731
Restricted cash held by fiscal agent	32,598,010	33,270,212
Capital Assets:		
Right of use leased assets, net	101,503	
Nondepreciable	2,336,396	3,879,947
Depreciable	51,156,442	45,881,333
TOTAL ASSETS	97,507,953	99,786,533
Deferred Outflows of Resources		
Deferred outflows from pension activity	4,466,574	4,185,266
Deferred outflows from OPEB activity	175,594	176,153
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,642,168	4,361,419
Liabilities		
Accounts payable	262,701	1,390,821
Due to other governmental units	40,818	117,925
Accrued interest payable	939,389	1,005,979
Salaries and accrued liabilities payable	1,350,807	1,174,938
Unearned revenue	39,773	83,561
Long-Term Liabilities:		
Lease payable - due within one year	24,110	
Lease payable - due in more than one year	79,807	
Due within one year	1,928,620	1,605,820
Due in more than one year	77,717,729	78,584,313
Net pension liability	12,680,313	6,389,228
Other post-employment benefits	976,974	1,064,052
TOTAL LIABILITIES	96,041,041	91,416,637
Deferred Inflows of Resources		
Deferred inflows from pension activity	2,119,367	10,134,231
Deferred inflows from OPEB activity	164,777	136,046
Deferred Inflows from leasing activity	44,059	
Property taxes levied for subsequent year	4,573,187	4,775,611
TOTAL DEFERRED INFLOWS OF RESOURCES	6,901,390	15,045,888
Net Position		
Net investment in capital assets	6,895,511	6,834,550
Restricted:		
State mandated restrictions	626,290	492,570
Food service	403,351	365,327
Community service	625,692	528,063
Unrestricted	(9,343,154)	(10,535,083)
TOTAL NET POSITION	$ (792,310)	$ (2,314,573)

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #255
PINE ISLAND, MINNESOTA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2023
With Partial Comparative Data for the Year Ended June 30, 2022

	2023			
		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
District and school administration	$ 1,019,826	$	$	$
District support services	341,959		10,921	
Regular instruction	8,224,225	254,421	1,833,845	
Vocational instruction	733,058		487,220	
Special education	2,582,158	12,184	1,436,089	
Community education and services	1,169,754	985,803	206,528	
Instructional support services	772,452	42,401	63,502	
Pupil support services	1,521,677		76,590	
Site, buildings, and equipment	2,106,790		309,711	255,909
Food service	903,525	516,681	407,585	
Fiscal and other fixed cost programs	345,251			
Interest and other fiscal charges	2,074,207			
Total governmental activities	$ 21,794,882	$ 1,811,490	$ 4,831,991	$ 255,909

General Revenues:
Property taxes levied for:
General purposes
Community service
Debt service
State aid not restricted to specific purposes
Investment income
Gain on sale of capital assets
Insurance recovery
Miscellaneous
Total general revenues

Change in net position

Net position - beginning

Net position - ending

See Notes to Financial Statements

2023	2022
Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Total Governmental Activities	Total Governmental Activities
$ (1,019,826)	$ (865,578)
(331,038)	(409,611)
(6,135,959)	(7,105,265)
(245,838)	(319,390)
(1,133,885)	(472,772)
22,577	246,437
(666,549)	(720,649)
(1,445,087)	(1,529,346)
(1,541,170)	(914,795)
20,741	218,877
(345,251)	(111,972)
(2,074,207)	(2,277,387)
(14,895,492)	(14,261,451)
2,210,821	1,388,257
130,931	72,827
2,312,802	2,350,040
11,599,971	11,113,130
132,834	68,011
187	6,658
6,005	
24,204	43,246
16,417,755	15,042,169
1,522,263	780,718
(2,314,573)	(3,095,291)
$ (792,310)	$ (2,314,573)

INDEPENDENT SCHOOL DISTRICT #255
PINE ISLAND, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023
With Partial Comparative Data as of June 30, 2022

	General	Food Service	Community Service
Assets			
Cash and investments	$ 3,192,729	$ 385,480	$ 722,994
Current property taxes receivable	925,339		45,115
Delinquent property taxes receivable	15,134		949
Accounts receivable			
Due from other school districts			
Due from Minnesota Department of Education	1,263,798		10,624
Due from Federal through Minnesota Department of Education	537,106		
Restricted cash held by fiscal agent			
Lease receivable	44,059		
Inventory	407,481	22,385	
Prepaid items	46,925		
TOTAL ASSETS	$ 6,432,571	$ 407,865	$ 779,682
Liabilities, Deferred Inflows of Resources, and Fund Balance			
Liabilities			
Accounts payable	$ 156,459	$ 2,307	$ 2,848
Salaries and accrued liabilities payable	1,296,476	509	53,822
Due to other school districts	40,818		
Unearned revenue	37,625	1,698	450
TOTAL LIABILITIES	1,531,378	4,514	57,120
Deferred Inflows of Resources			
Unavailable revenue:			
Delinquent taxes	15,134		949
Deferred inflows from leasing activity	44,059		
Taxes levied for subsequent year	1,772,697		95,921
TOTAL DEFERRED INFLOWS OF RESOURCES	1,831,890		96,870
Fund Balances			
Nonspendable	454,406	22,385	
Restricted	626,290	380,966	625,692
Assigned	254,360		
Unassigned	1,734,247		
TOTAL FUND BALANCES	3,069,303	403,351	625,692
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 6,432,571	$ 407,865	$ 779,682

See Notes to Financial Statements

Building Construction	Debt Service	Total Governmental Funds 2023	Total Governmental Funds 2022
$ 330,193	$ 1,837,494	$ 6,468,890	$ 11,761,246
	1,454,113	2,424,567	2,562,241
	18,978	35,061	36,549
			21,435
			207,416
	54,706	1,329,128	1,336,694
		537,106	364,775
	32,598,010	32,598,010	33,270,212
		44,059	
		429,866	453,954
		46,925	10,731
$ 330,193	$ 35,963,301	$ 43,913,612	$ 50,025,253
$ 101,087	$	$ 262,701	$ 1,390,821
		1,350,807	1,174,938
		40,818	117,925
		39,773	83,561
101,087		1,694,099	2,767,245
	18,978	35,061	36,549
		44,059	
	2,704,569	4,573,187	4,775,611
	2,723,547	4,652,307	4,812,160
		476,791	464,685
229,106	33,239,754	35,101,808	39,103,968
		254,360	865,235
		1,734,247	2,011,960
229,106	33,239,754	37,567,206	42,445,848
$ 330,193	$ 35,963,301	$ 43,913,612	$ 50,025,253

INDEPENDENT SCHOOL DISTRICT #255
PINE ISLAND, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2023
With Partial Comparative Data for the Year Ended June 30, 2022

	General	Food Service	Community Service
Revenues			
Local sources:			
Property tax levies	$ 2,212,309	$	$ 130,931
Other local and county sources	478,742	2,461	1,005,162
Investment income	6,369	101	132
State sources	14,208,792	43,214	123,575
Federal sources	646,154	364,371	63,594
Sales and other conversions of assets	526,374	514,220	
TOTAL REVENUES	18,078,740	924,367	1,323,394
Expenditures			
District and school administration	1,147,700		
District support services	321,820		
Regular instruction	8,531,422		
Vocational instruction	800,763		
Special education	3,068,853		
Community education and services			1,225,765
Instructional support services	805,310		
Pupil support services	1,669,906		
Site, buildings, and equipment	3,121,549		
Food service		886,343	
Fiscal and other fixed cost programs	128,009		
Debt service:			
Principal	245,171		
Interest and other fiscal charges	211,793		
TOTAL EXPENDITURES	20,052,296	886,343	1,225,765
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,973,556)	38,024	97,629
Other Financing Sources (Uses)			
Insurance recovery	6,005		
Sale of capital assets	187		
Issuance of long-term debt	1,231,879		
Premium on issuance of long-term debt			
Transfers in			
Transfers out			
TOTAL OTHER FINANCING SOURCES (USES)	1,238,071		
NET CHANGE IN FUND BALANCES	(735,485)	38,024	97,629
FUND BALANCE - BEGINNING	3,804,788	365,327	528,063
FUND BALANCE - ENDING	$ 3,069,303	$ 403,351	$ 625,692

See Notes to Financial Statements

Building Construction	Debt Service	Total Governmental Funds 2023	Total Governmental Funds 2022
$	$ 2,312,802	$ 4,656,042	$ 3,811,581
		1,486,365	1,734,599
43,720	82,512	132,834	68,011
	546,906	14,922,487	14,226,098
		1,074,119	2,024,638
		1,040,594	452,977
43,720	2,942,220	23,312,441	22,317,904
		1,147,700	966,279
		321,820	396,967
		8,531,422	8,329,773
		800,763	382,961
		3,068,853	2,173,414
		1,225,765	995,381
		805,310	828,264
		1,669,906	1,542,026
3,672,436		6,793,985	4,201,877
		886,343	1,138,182
		128,009	106,320
	1,360,000	1,605,171	1,300,000
	2,232,314	2,444,107	2,326,622
3,672,436	3,592,314	29,429,154	24,688,066
(3,628,716)	(650,094)	(6,116,713)	(2,370,162)
		6,005	
		187	6,658
		1,231,879	5,910,000
			145,172
			745,000
			(745,000)
		1,238,071	6,061,830
(3,628,716)	(650,094)	(4,878,642)	3,691,668
3,857,822	33,889,848	42,445,848	38,754,180
$ 229,106	$ 33,239,754	$ 37,567,206	$ 42,445,848

INDEPENDENT SCHOOL DISTRICT #255
PINE ISLAND, MINNESOTA
RECONCILIATION OF NET POSITION IN THE
DISTRICT-WIDE FINANCIAL STATEMENTS AND FUND BALANCES
IN THE FUND BASIS FINANCIAL STATEMENTS
June 30, 2023

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

Total governmental fund balances (pages 17 and 18)		$ 37,567,206
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental funds - capital assets	$ 72,128,114	
Less: Accumulated depreciation	18,533,773	
		53,594,341
Other long-term assets not available soon enough to pay for current-period expenditures and, therefore, are unavailable in the funds:		
Delinquent property taxes		35,061
Long-term liabilities, including bonds, other long-term debt, and capital leases payable, long-term debt premiums, accrued interest, net pension liability, other postemployment benefits payable, and compensated absences payable are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	$(71,030,000)	
Other long-term debt	(6,769,829)	
Unamortized premiums on long-term debt	(1,585,585)	
Other postemployment benefits payable	(966,157)	
Capital leases payable	(39,029)	
Leases payable	(103,917)	
Compensated absences payable	(221,906)	
Net pension liability	(10,333,106)	
Accrued interest	(939,389)	
		(91,988,918)
Net position of governmental activities (page 14)		$ (792,310)

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #255
PINE ISLAND, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2023

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

Net change in fund balances - total governmental funds (pages 19 and 20)		$ (4,878,642)
Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlays	$ 5,284,102	
Depreciation expense	(1,451,041)	
		3,833,061
Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Delinquent property taxes		(1,488)
In the statement of activities, certain operating expenses - net pension liability, compensated absences payable, and other postemployment benefits - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).		
Net pension liability	$ 2,005,087	
Compensated absences payable	(86,537)	
Other postemployment benefits payable	57,788	
		1,976,338
Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net position.		
Repayment of capital lease payable		44,082
The governmental funds report long-term debt proceeds as financing sources, while repayment of long-term debt principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these difference in the treatment of general obligation bonds and related items is as follows.		
Principal retirement on long-term debt	$ 1,605,171	
Issuance of long-term debt	(1,105,000)	
Amortization of long-term debt premium	86,068	
Change in accrued interest	66,590	
		652,829
In governmental funds, a lease arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability. Repayment of lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net position.		
Principal retirement on lease payable	$ 22,962	
Issuance of lease payable	(126,879)	
		(103,917)
Change in net position of governmental activities (pages 15 and 16)		$ 1,522,263

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #255
PINE ISLAND, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2023
With Partial Comparative Data for the Year Ended June 30, 2022

	Budgeted Amounts		2023	Over (Under)	2022
	Original	Final	Actual	Final Budget	Actual
Revenues					
Local sources:					
Property tax levies	$ 1,829,371	$ 2,128,109	$ 2,212,309	$ 84,200	$ 1,388,714
Other local and county sources	318,010	420,073	478,742	58,669	622,612
Investment income	2,400	2,400	6,369	3,969	5,811
State sources	13,717,895	14,116,293	14,208,792	92,499	13,545,175
Federal sources	85,500	527,278	646,154	118,876	795,826
Sales and other conversions of assets	545,887	491,145	526,374	35,229	365,325
TOTAL REVENUES	16,499,063	17,685,298	18,078,740	393,442	16,723,463
Expenditures					
District and school administration	975,232	1,002,904	1,147,700	144,796	966,279
District support services	426,625	635,154	321,820	(313,334)	396,967
Regular instruction	8,060,183	8,682,681	8,531,422	(151,259)	8,329,773
Vocational instruction	861,191	1,223,151	800,763	(422,388)	382,961
Special education	2,267,281	3,022,493	3,068,853	46,360	2,173,414
Instructional support services	683,241	790,096	805,310	15,214	828,264
Pupil support services	1,524,718	1,587,994	1,669,906	81,912	1,542,026
Site, buildings, and equipment	1,392,851	1,543,217	3,121,549	1,578,332	1,329,384
Fiscal and other fixed cost programs	112,450	113,350	128,009	14,659	106,320
Debt Service:					
Principal		130,000	245,171	115,171	
Interest and fiscal charges		180,995	211,793	30,798	
TOTAL EXPENDITURES	16,303,772	18,912,035	20,052,296	1,140,261	16,055,388
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	195,291	(1,226,737)	(1,973,556)	(746,819)	668,075
Other Financing Sources (Uses)					
Insurance recovery			6,005	6,005	
Sale of capital assets	2,000	187	187		6,658
Transfer out					(745,000)
Issuance of long-term debt			1,231,879	1,231,879	
TOTAL OTHER FINANCING SOURCES (USES)	2,000	187	1,238,071	1,237,884	(738,342)
NET CHANGE IN FUND BALANCE	197,291	(1,226,550)	(735,485)	491,065	(70,267)
FUND BALANCE - BEGINNING	3,804,788	3,804,788	3,804,788		3,875,055
FUND BALANCE - ENDING	$ 4,002,079	$ 2,578,238	$ 3,069,303	$ 491,065	$ 3,804,788

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #255
PINE ISLAND, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOOD SERVICE FUND
For the Fiscal Year Ended June 30, 2023
With Partial Comparative Data for the Year Ended June 30, 2022

	Budgeted Amounts		2023	Over (Under)	2022
	Original	Final	Actual	Final Budget	Actual
Revenues					
Other local and county sources	$ 45,300	$ 5,300	$ 2,461	$ (2,839)	$ 102,754
Investment income	400	400	101	(299)	113
State sources	33,200	33,200	43,214	10,014	22,376
Federal sources	205,000	260,720	364,371	103,651	1,144,277
Sales and other conversions of assets	404,000	385,891	514,220	128,329	87,652
TOTAL REVENUES	687,900	685,511	924,367	238,856	1,357,172
Expenditures					
Food service	680,800	828,364	886,343	57,979	1,138,182
NET CHANGE IN FUND BALANCES	7,100	(142,853)	38,024	180,877	218,990
FUND BALANCES - BEGINNING	365,327	365,327	365,327		146,337
FUND BALANCES - ENDING	$ 372,427	$ 222,474	$ 403,351	$ 180,877	$ 365,327

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #255
PINE ISLAND, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
COMMUNITY SERVICE FUND
For the Fiscal Year Ended June 30, 2023
With Partial Comparative Data for the Year Ended June 30, 2022

	Budgeted Amounts		2023	Over (Under)	2022
	Original	Final	Actual	Final Budget	Actual
Revenues					
Local sources:					
Property tax levies	$ 132,935	$ 130,765	$ 130,931	$ 166	$ 72,827
Other local and county sources	837,719	911,844	1,005,162	93,318	1,009,233
Investment income			132	132	232
State sources	129,742	124,612	123,575	(1,037)	125,330
Federal sources		36,800	63,594	26,794	84,535
TOTAL REVENUES	1,100,396	1,204,021	1,323,394	119,373	1,292,157
Expenditures					
Community education and services	914,944	1,124,121	1,225,765	101,644	995,381
NET CHANGE IN FUND BALANCES	185,452	79,900	97,629	17,729	296,776
FUND BALANCES - BEGINNING	528,063	528,063	528,063		231,287
FUND BALANCES - ENDING	$ 713,515	$ 607,963	$ 625,692	$ 17,729	$ 528,063

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #255
PINE ISLAND, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2023 and 2022

	Private Purpose Trust	
	2023	2022
Assets		
Cash and investments	$ 213,844	$ 233,285
TOTAL ASSETS	$ 213,844	$ 233,285
Net Position		
Held in trust for scholarships	$ 213,844	$ 233,285
TOTAL NET POSITION	$ 213,844	$ 233,285

INDEPENDENT SCHOOL DISTRICT #255
PINE ISLAND, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year Ended June 30, 2023 and June 30, 2022

	Private Purpose Trust	
	2023	2022
ADDITIONS		
Loss on investments	$ (9,761)	$ (13,113)
Donations	875	
TOTAL ADDITIONS	(8,886)	(13,113)
DEDUCTIONS		
Scholarships awarded	10,555	9,110
CHANGE IN NET POSITION	(19,441)	(22,223)
NET POSITION - BEGINNING	233,285	255,508
NET POSITION - ENDING	$ 213,844	$ 233,285

See Notes to Financial Statements

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INDEPENDENT SCHOOL DISTRICT #255
PINE ISLAND, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

1. Summary of Significant Accounting Policies

Independent School District #255 was formed and operates pursuant to applicable Minnesota laws and statutes. The governing body consists of a seven-member board elected by the voters of the District to serve four-year terms. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant accounting policies:

Financial Reporting Entity

Independent School District #255 (the District) is an instrumentality of the State of Minnesota established to function as an educational institution. The elected School Board (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

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

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

Basic Financial Statement Presentation

The District-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary fund. Fiduciary funds are reported only in the Statements of Fiduciary Net Position and Changes in Fiduciary Fund 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 is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. Generally, the effect of material inter-fund activity has been removed from the District-wide financial statements.

Separate Fund financial statements are provided for governmental 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. 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.

1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

The District-wide financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized when the exchange takes place. Property taxes are generally recognized as revenues in the fiscal year for which they are levied, except for amounts advance recognized in accordance with a statutory “tax shift” described later in these notes. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State aids are recorded as revenue in the fiscal year for which the aids are designated by statute.

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

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

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

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

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

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

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

1. Summary of Significant Accounting Policies (Continued)

Description of Funds

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

The major funds of the District are presented as follows:

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

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

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

The *building construction fund* accounts for the resources related to the additions and upgrades to building facilities.

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

The District reports the following fiduciary fund:

The *Private Purpose Trust Fund* is an expendable trust fund for assets held in a trustee capacity. Contributions to the District are maintained in various scholarship funds in which the annual scholarships are awarded to students based on requirements established by the contributor.

Budgets and Budgetary Accounting

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

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

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

1. Summary of Significant Accounting Policies (Continued)

Cash and Investments

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

Accounts Receivable

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

Prepaid Items

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

Property Taxes

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

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as deferred revenue (property taxes levied for subsequent year). The majority of District revenue in the General and Special Revenue Funds is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between taxes and state aids by the Legislature based on education funding priorities. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the “tax shift”, which periodically changes the District’s recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year’s levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes $139,218 of the property tax levy collectible in 2023 as revenue to the District in fiscal year 2022-2023. The remaining portion of the taxes collectible in 2023 is recorded as deferred inflows of resources.

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is deferred inflows of resources because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material. Current levies of local taxes, less the amount recognized as revenue in the current period, including portions assumed by the State which will be recognized as revenue in the next fiscal year beginning July 1, 2023, are included in the Property Taxes Levied for Subsequent Year account to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

1. Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets are capitalized at historical cost or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The District maintains a capitalization threshold level of $5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

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

Deferred Outflows of Resources

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has two types of items that qualify for reporting in this category. The deferred outflows of resources from pension activity and OPEB activity.

Deferred Inflows of Resources

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

Inventories

Inventories are recorded using the consumption method of accounting and consist of food, surplus commodities received from the federal government, and land and construction related costs for the school home construction program. Food purchases and home construction are recorded at invoice cost, computed on a first-in, first-out method, and surplus commodities are stated at standardized cost, as determined by the Department of Agriculture.

1. Summary of Significant Accounting Policies (Continued)

Unearned Revenue

Unearned revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

Long-term Obligations

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

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

Leases

For leases with term exceeding 12 months, the District recognizes a lease liability and a right to use lease asset in the government-wide financial statements.

The right to use lease asset is calculated at the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus certain initial directs costs incurred, minus any lease incentives received. Subsequently, the right to use lease asset is amortized on a straight-line basis over its useful life. The District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. Remeasurement of the right to use lease asset and lease liability occurs when certain changes occur that are likely to have a significant impact on the lease liability.

Right to use lease assets are reported with capital assets and lease liabilities are reported with long-term debt on the statement of net position.

The District leases land to an external party. Lease receivables and deferred inflows of resources are recorded based on the present value of expected receipts over the term of the respective lease. The expected payments and receipts are discounted using the interest rate charged on the lease, if available, and are otherwise discounted using the District’s incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. For leases featuring payments tied to an index or market rate, the valuation is based on the initial index or market rate. The District does not have any leases subject to a residual value guarantee.

Compensated Absences Payable

The District has employee and union contracts with several different employee groups. Employee benefits under the contracts are different, but generally include provisions for paid time off (PTO). The District accounts for the employee benefits as follows:

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

1. Summary of Significant Accounting Policies (Continued)

Compensated Absences Payable (continued)

Substantially all District employees are entitled to PTO at various rates based on length of service to the District. For certain employees, unused PTO enters into the calculation of compensated absences upon termination.

Superintendent

A payment is available to the Superintendent upon completion of service with the District. The Superintendent shall receive all unused accumulated PTO days, after ten years of service, multiplied by the Superintendent's daily rate of pay.

Cabinet Member

A payment is available to a cabinet member upon completion of service with the District. The cabinet member shall receive up to forty days of unused accumulated PTO days multiplied by the cabinet member's daily rate of pay.

Support Staff

A payment is available to support staff who have completed at least 2 consecutive years of service with the District. An eligible employee, upon retirement, will receive a payment for a percentage of their unused PTO days, based on years of service with the District, multiplied by the employee's daily rate of pay.

Teachers

A payment is available to teachers who have completed at least 15 years of continuous service with the District and are at least 55 years of age. An eligible employee, upon retirement, will receive a payment for up to 185 days of their unused PTO days multiplied by 90% of the employee's daily rate of pay, less any District contributions to a matching deferred compensation program under M.S. 356.24.

At June 30, 2023, compensated absences payable totaling $221,906 is recorded in the financial statements.

Other Postemployment Benefits Payable

Under provisions of various employee and union contract the district provides health coverage until age 65 if certain criteria are met. The amount to be incurred is limited as specified by contract. All premiums are funded on a pay-as-you-go basis. This amount was actuarially determined in accordance with GASB 75.

Pension

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

1. Summary of Significant Accounting Policies (Continued)

Pension (continued)

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

Use of Estimates

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

Fund Balance

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

Interfund Transactions

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

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

Comparative Data

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

Net Position

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

1. Summary of Significant Accounting Policies (Continued)

Implementation of New Accounting Principles

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

2. Stewardship and Accountability

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

General Fund	$ 1,140,261
Food Service Fund	57,979
Community Service Fund	101,644

All excess expenditures were the result of planned processes.

3. Cash and Investments

Summary of Cash and Investments

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

Deposits	$ 5,332,851
MN Trust Investment Shares Portfolio	739,187
Mutual funds	16,887
Money market	430,864
Non-Negotiable Certificates of Deposit	162,945
US Treasuries	32,598,010
Less: Fiduciary fund cash and investments	(213,844)
Total Cash and Investments per Statement of Net Position	$ 39,066,900
Restricted Cash and Investments Held by Fiscal Agent	$ 32,598,010
Cash and Investments per Statement of Net Position	6,468,890
Total Cash and Investments per Statement of Net Position	$ 39,066,900

3. Cash and Investments (Continued)

Investments Authorized by Minnesota Statues

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

a) Direct obligations or obligations guaranteed by the United States or its agencies.
b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency and all of the investments have a final maturity of thirteen months or less.
c) General obligations rated “A” or better; revenue obligations rated “AA” or better.
d) General obligations of the Minnesota Housing Finance Agency rated “A” or better.
e) Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System.
f) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality category by at least two nationally recognized rating agencies and maturing in 270 days or less.
g) Repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a “depository” by the government entity with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
h) Guaranteed Investments Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories.

Custodial Credit Risk

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

Minnesota Statues require that all District deposits be insured, secured by surety bonds or be collateralized. Except for notes secured by first mortgages of future maturity, the market value of collateral pledged by the custodial bank must equal 110% of the deposits not covered by insurance or surety bonds.

Authorized collateral includes certain state of local government obligations and legal investments. Minnesota Statues also require that securities pledged as collateral be held in safekeeping by the Treasurer, or in a financial institution other than the institution furnishing the collateral.

Credit Risk

The investment policy of the District limits their investment options to those authorized by Minnesota Statute as described above.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. The US Treasuries balance of $32,598,010 is greater than 5% of total investments.

3. Cash and Investments (Continued)

Fair Value Measurement

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

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

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

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

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

The District had the following investments at year-end:

	Credit Risk		Fair Value Measurements	Interest Risk - Maturity Duration in Years				
Investment Type	Rating	Agency	Using	No Maturity Date	Less Than 1	1 to 5	6 to 10	Total
US Treasuries	Not Rated	N/A	Level 1	$	$ 32,598,010	$	$	$ 32,598,010
MNTrust Investment Shares Portfolio	AAA	S&P	N/A	739,187				739,187
Mutual funds	3 Star	Morningstar	Level 2	16,887				16,887
Total Investments				$ 756,074	$ 32,598,010	$	$	$ 33,354,084

N/A - Not applicable

The Minnesota Trust (MNTrust) Investment Shares Portfolio is an external investment pool not registered with the Securities and Exchange Commission regulated by Minnesota Statutes. The District's investments in this investment pool is measured at the net asset value per share provided by the pool, which is based on amortized cost method that approximates fair value.

4. Due From Other Governmental Units

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

Fund	Minnesota Department of Education	Federal Government Through MDE	Total
General	$ 1,263,798	$ 537,106	$ 1,800,904
Community Service	10,624		10,624
Debt Service	54,706		54,706
	$ 1,329,128	$ 537,106	$ 1,866,234

5. Capital Assets

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

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	$ 1,036,396	$ 1,300,000	$	$ 2,336,396
Construction in process	2,843,551		2,843,551	
Total capital assets, not being depreciated	3,879,947	1,300,000	2,843,551	2,336,396
Capital assets, being depreciated:				
Buildings	54,404,173	6,419,695		60,823,868
Land improvements	2,713,362	12,000		2,725,362
Equipment	6,062,919	269,079	216,389	6,115,609
Capital assets, being amortized:				
Leased building - right of use		126,879		126,879
Total capital assets, being depreciated and amortized	63,180,454	6,827,653	216,389	69,791,718
Less accumulated depreciation for:				
Buildings	11,468,353	1,106,876		12,575,229
Land improvements	620,519	128,893		749,412
Equipment	5,210,249	189,896	216,389	5,183,756
Less amortization for:				
Leased building - right of use		25,376		25,376
Total accumulated depreciation and amortization	17,299,121	1,451,041	216,389	18,533,773
Total capital assets, being depreciated and amortized, net	45,881,333	5,376,612		51,257,945
Governmental activities capital assets, net	$ 49,761,280	$ 6,676,612	$ 2,843,551	$ 53,594,341

Depreciation and amortization expense was charged to functions/programs as follows:

Governmental Activities:	
District and school administration	$ 2,598
District support services	16,410
Regular instruction	1,070,820
Vocational instruction	3,927
Special education	25,434
Community education	1,251
Instructional support services	1,688
Pupil support services	135,999
Site, buildings, and equipment	192,914
Total depreciation and amortization expense - governmental activities	$ 1,451,041

6. Long-Term Liabilities

The long-term debt obligations outstanding and related maturities and interest rates are summarized in the following schedules. General Obligation Bonds and Certificates of Participation are serviced by the Debt Service Fund. They are backed by the full faith and credit of the District. The capital lease payable and contract for deed are serviced by the General Fund. The compensated absences payable is serviced by the General Fund and Community Service Fund.

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

	Original Amount of Debt	Range of Interest Rates	Final Maturity	Balance June 30, 2023
General Obligation Bonds:				
School Building Bonds, 2014A	$ 38,290,000	4.00% - 5.00%	2/1/2044	$ 32,925,000
School Building Refunding Bonds, 2016A	2,335,000	2.00% - 2.25%	6/1/2033	1,650,000
Facilities Maintenance and Capital Facilities Bonds, 2018A	3,440,000	3.00% - 4.00%	2/1/2029	2,230,000
School Building Refunding Bonds, 2021A	34,225,000	1.00% - 4.00%	2/1/2044	34,225,000
Bond Premium				1,451,289
Certificates of Participation 2021B	5,910,000	0.50% - 4.00%	2/1/2047	5,780,000
Contract for Deed	1,105,000	5.00%	11/15/2027	989,829
Lease Payable	126,879	5.00%	6/30/2027	103,917
Compensated Absences Payable				221,906
Other Long-Term Debt Premium				134,296
Capital Lease Payable:				
Energy Efficiency Improvements	751,251	4.15%	4/5/2024	39,029
Total				$ 79,750,266

6. Long-Term Liabilities (Continued)

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Bonds Payable:					
General Obligation Bonds:					
School Building Bonds, 2014A	$ 33,815,000	$	$ 890,000	$ 32,925,000	$ 1,000,000
School Building Refunding Bonds, 2016A	1,795,000		145,000	1,650,000	145,000
Facilities Maintenance and Capital Facilities Bonds, 2018A	2,555,000		325,000	2,230,000	340,000
School Building Refunding Bonds, 2021A	34,225,000			34,225,000	
Bond Premium	1,531,774		80,485	1,451,289	
Other Liabilities:					
Certificates of Participation 2021B	5,910,000		130,000	5,780,000	185,000
Contract for Deed		1,105,000	115,171	989,829	205,406
Lease Payable		126,879	22,962	103,917	24,110
Compensated Absences Payable	135,369	100,722	14,185	221,906	14,185
Other Long-Term Debt Premium	139,879		5,583	134,296	
Capital Lease Payable:					
Energy Efficiency Improvements	83,111		44,082	39,029	39,029
Governmental Activities Long-term Liabilities	$ 80,190,133	$ 1,332,601	$ 1,772,468	$ 79,750,266	$ 1,952,730

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

	General Obligation Bonds		Certificates of Participation		Capital Lease Payable		Contract for Deed		Total
Years	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2024	$ 1,485,000	$ 2,166,465	$ 185,000	$ 127,733	$ 39,029	$ 752	$ 205,406	$ 44,827	$ 4,254,212
2025	2,790,000	2,099,965	185,000	126,808			215,915	34,318	5,452,006
2026	2,900,000	1,991,365	185,000	125,883			226,961	23,271	5,452,480
2027	3,005,000	1,878,365	190,000	124,958			238,573	11,659	5,448,555
2028	3,080,000	1,807,315	195,000	117,358			102,974	1,291	5,303,938
2029-2033	14,835,000	7,906,813	1,090,000	476,490					24,308,303
2034-2038	17,740,000	5,736,660	1,220,000	349,290					25,045,950
2039-2043	20,655,000	2,819,951	1,350,000	220,660					25,045,611
2044-2047	4,540,000	151,150	1,180,000	67,011					5,938,161
Totals	$ 71,030,000	$ 26,558,049	$ 5,780,000	$ 1,736,191	$ 39,029	$ 752	$ 989,829	$ 115,366	$ 106,249,216

Contract for Deed

In November 2022, the District issued $1,105,000 for a Contract for Deed, with an interest rate of 5.00%. The contract for deed was issued to fund a land purchase.

7. Net Position/Fund Balance

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

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

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

The District has a formal minimum fund balance policy for the general fund unassigned fund balance to be at least 12% percent of the annual budgeted expenditures.

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

Restricted for Safe Schools - Represents available resources to provide for the Safe School program.

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

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

Restricted for Scholarships – Represents the resources available for the scholarship funds.

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

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

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

7. Net Position/Fund Balance (Continued)

Restricted for Bond Refunding - Represents resources set aside from proceeds of refunded obligations that have not met the criteria of defeasance (crossover bonds). These resources will be used to pay off future bonded obligations.

Restricted for Building Projects Funded by Certificates of Participation – Represents the June 30 balance in the building construction fund for projects funded by certificates of participation.

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

	General	Food Service	Community Service	Building Construction	Debt Service	2023 Totals	2022 Totals
Nonspendable items							
Prepaid items	$ 46,925	$	$	$	$	$ 46,925	$ 10,731
Inventory	407,481	22,385				429,866	453,954
Total nonspendable	454,406	22,385				476,791	464,685
Restricted							
Safe schools	19,327					19,327	12,383
Long-term facilities maintenance	347,187					347,187	271,940
Student activities	76,191					76,191	86,427
Scholarships	183,585					183,585	121,820
Food service		380,966				380,966	335,665
Community education			498,341			498,341	417,947
Early childhood and family education programs			29,179			29,179	34,050
School Readiness			68,625			68,625	46,353
Community service			29,547			29,547	29,713
Building construction				229,106		229,106	3,857,822
Bond refunding					32,598,010	32,598,010	33,270,212
Debt service					641,744	641,744	619,636
Total restricted	626,290	380,966	625,692	229,106	33,239,754	35,101,808	39,103,968
Assigned							
Bus purchases	50,000					50,000	125,000
Technology	99,866					99,866	99,866
Special education program	34,558					34,558	452,672
Administration team	8,773					8,773	10,209
Class fees	5,000					5,000	5,000
D.C. trip	56,163					56,163	31,488
Curriculum							50,000
Sports facilities							91,000
Total assigned	254,360					254,360	865,235
Unassigned	1,734,247					1,734,247	2,011,960
Total Fund Balance	$3,069,303	$ 403,351	$ 625,692	$ 229,106	$ 33,239,754	$ 37,567,206	$ 42,445,848

7. Net Position/Fund Balance (Continued)

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

	GASB Balance	Reconciling Balance	UFARS Balance June 30, 2023	UFARS Balance June 30, 2022
Nonspendable items				
Prepaid items	$ 46,925	$	$ 46,925	$ 10,731
Inventory	429,866		429,866	453,954
Total nonspendable	476,791		476,791	464,685
Restricted				
Safe schools	19,327		19,327	12,383
Long-term facilities maintenance	347,187		347,187	271,940
Student activities	76,191		76,191	86,427
Scholarships	183,585		183,585	121,820
Food service	380,966		380,966	335,665
Community education	498,341		498,341	417,947
Early childhood and family education programs	29,179		29,179	34,050
School readiness	68,625		68,625	46,353
Community service	29,547		29,547	29,713
Building construction	229,106		229,106	3,857,822
Bond refunding	32,598,010		32,598,010	33,270,212
Debt service	641,744		641,744	619,636
Total restricted	35,101,808		35,101,808	39,103,968
Assigned				
Bus purchases	50,000		50,000	125,000
Technology	99,866		99,866	99,866
Special education program	34,558		34,558	452,672
Administration team	8,773		8,773	10,209
Class fees	5,000		5,000	5,000
D.C. trip	56,163		56,163	31,488
Curriculum				50,000
Sports facilities				91,000
Total assigned	254,360		254,360	865,235
Unassigned	1,734,247		1,734,247	2,011,960
Total Fund Balance	$ 37,567,206	$	$ 37,567,206	$ 42,445,848

8. Commitments and Contingencies

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

9. Leases

Lease Liability

Independent School District #255 incurs expenses under an operating lease for a building. This lease agreement is cancelable and expires in June 2027. Monthly payments under this lease agreement are $2,442. The District's lease expense for the year ended June 30, 2023 was $22,962.

Principal and interest requirements to maturity for the lease liability at June 30, 2023 are as follows:

	Leases	
Years	Principal	Interest
2024	$ 24,110	$ 5,196
2025	25,316	3,990
2026	26,581	2,725
2027	27,910	1,396
Total	$ 103,917	$ 13,307

Lease Receivable

Independent School District #255 receives revenues under an operating lease for land. This lease agreement expires June 2027. Monthly receipts under this lease agreement are $1,035. The District's lease revenue for the year ended June 30, 2023 was $9,735.

Regulated Lease

The District does not recognize a lease receivable and deferred inflow of resources for regulated leases. The regulated lease includes a certain broadband lease that is subject to external laws, regulations, or legal rulings of the Federal Communications Commission. The future expected minimum rentals to be received from this regulated lease as of June 30, 2023 is as follows:

Year ending June 30:	Amount
2024	$ 47,558
2025	48,985
2026	50,455
2027	51,969
2028	53,528
Thereafter	723,036

The District received $42,398 related to the regulated lease during June 30, 2023.

10. Defined Benefit Pension Plans – Statewide

Plan Description

1. General Employees Retirement Plan

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

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

2. Teachers Retirement Fund (TRA)

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

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

Benefits Provided

1. General Employees Plan Benefits

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

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

10. Defined Benefit Pension Plans – Statewide (Continued)

Benefits Provided (continued)

1. General Employees Plan Benefits

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

2. TRA Benefits

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

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

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

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 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.

10. Defined Benefit Pension Plans – Statewide (Continued)

Benefits Provided (Continued)

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

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

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

Contributions

1. General Employees Fund Contributions

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

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2023 and the District was required to contribute 7.50 percent for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2023 were $176,892. The District's contributions were equal to the required contributions as set by the state statute.

2. TRA Contributions

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

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

The District’s contributions to the TRA Fund for the year ended June 30, 2023 were $655,607. The District’s contributions were equal to the required contributions as set by state statute.

10. Defined Benefit Pension Plans – Statewide (Continued)

Contributions (Continued)

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

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

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

Pension Costs

1. General Employees Fund Pension Costs

At June 30, 2023, the District reported a liability of $2,494,810 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 $73,087.

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0315 percent at the end of the measurement period and 0.0291 percent for the beginning of the period.

District's proportionate share of net pension liability	$	2,494,810
State of Minnesota's proportionate share of the pension liability associated with the District		73,087
Total	$	2,494,810

10. Defined Benefit Pension Plans – Statewide (Continued)

Pension Costs (Continued)

For the year ended June 30, 2023, the District recognized pension expense of $168,205 for its proportionate share of General Employees Plan's pension expense. In addition, the District recognized an additional $10,921 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	$ 20,839	$ 24,589
Net collective difference between projected and actual investment earnings	107,478	
Changes in actuarial assumptions	522,902	9,245
Changes in proportion	98,535	
Contributions paid to PERA subsequent to the measurement date	215,436	
Total	$ 965,190	$ 33,834

The $215,436 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	Pension Expense Amount
2024	$ 260,363
2025	259,609
2026	(29,671)
2027	225,619

2. TRA Pension Costs

At June 30, 2023, the District reported a liability of $10,185,503 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. The District's proportionate share was 0.1272 percent at the end of the measurement period and 0.1176 percent for the beginning of the period.

10. Defined Benefit Pension Plans – Statewide (Continued)

Pension Costs (Continued)

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	$	10,185,503
State of Minnesota's proportionate share of the pension liability associated with the District		755,163
Total	$	10,185,503

For the year ended June 30, 2023, the District recognized pension expense of ($2,173,292). It also recognized $103,837 as an increase to pension expense for the support provided by direct aid.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	$ 142,405	$ 81,902
Net collective difference between projected and actual investment earnings	550,274	
Changes in actuarial assumptions	1,508,620	1,895,272
Changes in proportion	572,262	108,359
Contributions paid to TRA subsequent to the measurement date	727,823	
Total	$ 3,501,384	$ 2,085,533

The $727,823 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	Pension Expense Amount
2024	$ (1,436,445)
2025	448,570
2026	254,261
2027	1,344,439
2028	77,203

10. Defined Benefit Pension Plans – Statewide (Continued)

Aggregated Pension Costs

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

General Employees Retirement Fund	$ 179,126
TRA	(2,069,455)
Total	$ (1,890,329)

Long-Term Expected Return on Investment

1. General Employees Fund 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%	

2. TRA Long-Term Expected Return on Investment

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

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

10. Defined Benefit Pension Plans – Statewide (Continued)

Actuarial Methods and Assumptions

1. General Employees Fund Actuarial Methods and Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.50 percent. This assumption Is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.50 percent was deemed to be within that range of reasonableness for financial reporting purposes.

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

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

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

Actuarial assumptions for the General Employees Plan are 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.

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

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

10. Defined Benefit Pension Plans – Statewide (Continued)

Actuarial Methods and Assumptions (Continued)

2. TRA Actuarial Methods and Assumptions

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

Key Methods and Assumptions Used in Valuation of Total Pension Liability	
Actuarial Information	
Valuation Date	July 1, 2022
Measurement Date	June 30, 2022
Experience Study	June 28, 2019 (demographic and economic assumptions)
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.00%
Price Inflation	2.50%
Wage Growth Rate	2.85% before July 1, 2028 and 3.25% after June 30, 2028
Projected Salary Increase	2.85% - 8.85% before July 1, 2028 and 3.25% to 9.25% after June 30, 2028
Cost of Living Adjustment	1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.
Mortality 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 morality table, without adjustment.

The TRA actuary has determined the average of the expected remaining service lives of all members for the fiscal year 2023 is six years. The *Difference between Expected and Actual Experience, Changes of Assumptions*, and *Changes in Proportion* 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.

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

- For GASB Valuation:
  - None

10. Defined Benefit Pension Plans – Statewide (Continued)

Discount Rate

1. General Employees Fund Discount Rate

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

2. TRA Discount Rate

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

Pension Liability Sensitivity

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
General Employees Fund Discount Rate	5.50%	6.50%	7.50%
District's proportionate share of the General Employee net pension liability	$ 3,940,684	$ 2,494,810	$ 1,308,971
TRA Discount Rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	$ 16,056,891	$ 10,185,503	$ 5,372,796

Pension Plan Fiduciary Net Position

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

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

11. Flexible Benefit Plan

The District has a flexible benefit plan which is classified as a "cafeteria plan" under Section 125 of the Internal Revenue Code. All employees of the District are eligible to participate in the plan. Employees can elect to contribute pre-tax dollars withheld from payroll checks to the plan for health care and dependent care benefits.

Before the beginning of the plan year, which is from January 1 to December 31, each participant designates a total amount of pre-tax dollars to be contributed to the plan during the year. At June 30, the District is contingently liable for claims against the total amount of participants' annual contributions to the medical reimbursement portion of the plan, whether or not such contributions have been made.

Payments of insurance premiums (health, life, and disability) are made by the District directly to the designated insurance companies. These payments are made on a monthly basis and are accounted for in the appropriate fund.

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

12. Risk Management

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

13. Jointly Governed Organization

The Zumbro Education District No. 61-6012 (ZED) was established by an act of the 1987 Legislature of the State of Minnesota. The primary objective of the District is to provide, by a cooperative effort, comprehensive educational programs and other related services as can be effectively operated by its seven-member districts. Each member district shares in the cost of the programming, which is paid to the education district in the form of membership fees, reimbursements, and other charges for services. The education district is able to recover the cost of its programs through the previously mentioned revenue sources. The jointly governed organization's financial statements are audited and available for inspection.

Pursuant to an agreement, the district withdrew from ZED effective June 30, 2022. The agreement required the transfer of funds from ZED to the district totaling $400,000 in satisfaction of all obligations related to the distribution of assets and liabilities per the original ZED agreement. The district received and recorded as revenue $200,000 for the final payment on July 1, 2021 following the District's withdrawal from ZED.

14. Defined Contribution Pension Plan

The District provides eligible employees future retirement benefits through the District's 403(b) Plan (the "Plan"). Employees of the District are eligible to participate in the Plan commencing on the date of their employment. Eligible employees may elect to have a portion of their pay contributed to the Plan. Some employees are eligible to receive a District match of employee contributions up to the qualifying amounts set forth in their respective collective bargaining agreements. Contributions are invested in tax deferred annuities selected and owned by Plan participants. The District contributions for the years ended June 30, 2023, 2022, and 2021 were $104,367, $97,687, and $66,873, respectively. The related employee contributions for the years ended June 30, 2023, 2022, and 2021 were $192,081, $190,976, and $143,242, respectively.

15. Other Postemployment Benefit Plan

The District engaged an actuary to determine the District's liability for postemployment healthcare benefits other than pensions for the year ended June 30, 2023.

Plan Description

The District provides health insurance benefits for certain retired employees under a single-employer plan. The District provides benefits for retirees as required by state statute to active employees when eligible to receive a retirement benefit from the Public Employees Retirement Association (PERA) of Minnesota (or similar plan) and if they do not participate in any other health benefits program providing similar coverage.

Benefits Provided

These retirees will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the District's health benefits program. Retirees are required to pay 100% of the total premium cost. Since the premium is a blended rate determined on the entire active retiree population, the retirees are receiving an implicit rate subsidy. As of June 30, 2023 there were 194 active participants and 8 retired participants in the District's group health plan.

Funding Policy

The required contribution is based on projected pay-as-you-go method under which contributions to the plan are generally made at the same time and in the same amount as retiree benefits and expenses become due.

Total OPEB Liability

The District's total OPEB liability was measured as of July 1, 2022, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2021. The components of the total OPEB liability of the District at year-end were as follows:

Total OPEB liability	$ 976,974
Liability discount rate	3.80%

15. Other Postemployment Benefit Plan (Continued)

Actuarial Methods and Assumptions

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

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

The total OPEB liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.80%
Inflation rate	2.50%
Mortality	Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale.
Medical trend rate	6.25% in 2022 grading to 5.00% over 5 years and then to 4.00% over the next 48 years. The medical trend rates have been chosen based on a review of historical health care increase rates, projected health care increase rates, and projected health care expenditures as a percentage of GDP. The components of health care costs were considered when developing the aggregate set of trend rates.

The following change in OPEB actuarial assumptions since the last valuation has been made:

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

15. Other Postemployment Benefit Plan (Continued)

Changes in Total OPEB Liability

	Total OPEB Liability
Beginning Balance 7/1/2022	$ 1,064,052
Changes for the Year	
Service Cost	61,855
Interest	22,617
Changes of assumptions	(73,202)
Benefit payments	(98,348)
Net Changes	(87,078)
Balance End of Year 6/30/2023	$ 976,974

Total OPEB Liability Sensitivity to Discount and Health-Care Cost Trend Rate Changes

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

	Total OPEB Liability
1% decrease in Discount Rate (2.80%)	$ 1,029,770
Current Discount Rate (3.80%)	976,974
1% increase in Discount Rate (4.80%)	925,692

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

	Total OPEB Liability
1% decrease in Trend Rates	$ 908,164
Current Trend Rates	976,974
1% increase in Trend Rates	1,058,844

15. Other Postemployment Benefit Plan (Continued)

OPEB Related Deferred Outflows of Resources and Deferred Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual investment earnings	$ 28,374	$ 88,800
Changes in actuarial assumption	36,162	75,977
Contributions paid to OPEB subsequent to the measurement date	111,058	
Total	$ 175,594	$ 164,777

The $111,058 reported as deferred outflows of resources related to OPEB resulting from District contributions to OPEB subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Year ending June 30:	OPEB Expense Amount
2024	$ (30,716)
2025	(30,716)
2026	(30,710)
2027	3,295
2028	(940)
Thereafter	(10,454)

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INDEPENDENT SCHOOL DISTRICT #255
PINE ISLAND, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2023

INDEPENDENT SCHOOL DISTRICT #255
PINE ISLAND, MINNESOTA

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

Total OPEB Liability	2023	2022	2021	2020	2019	2018
Service cost	$ 61,855	$ 76,364	$ 72,132	$ 63,147	$ 69,227	$ 67,211
Interest cost	22,617	24,381	29,423	39,240	39,329	39,330
Differences between expected and actual experience		39,726		(207,204)		
Changes in actuarial assumptions	(73,202)	26,936	29,615	(30,881)		
Benefit payments	(98,348)	(85,232)	(52,191)	(103,895)	(106,237)	(110,905)
Net change in total OPEB liability	(87,078)	82,175	78,979	(239,593)	2,319	(4,364)
Total OPEB Liability - beginning of year	1,064,052	981,877	902,898	1,142,491	1,140,172	1,144,536
Total OPEB Liability - end of year	$ 976,974	$ 1,064,052	$ 981,877	$ 902,898	$ 1,142,491	$ 1,140,172
Covered-Employee Payroll	$ 9,689,785	$ 9,407,558	$ 8,381,715	$ 8,137,587	$ 7,882,639	$ 7,653,048
Total OPEB Liability as a Percentage of Covered-Employee Payroll	10%	11%	12%	11%	14%	15%

Note: There are no assets in a trust to pay related benefits.

INDEPENDENT SCHOOL DISTRICT #255
PINE ISLAND, MINNESOTA

Schedule of District's Contributions
PERA General Employees Retirement Fund
Last Ten Years

Fiscal Year Ended June 30	Pension Plan	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	PERA	$ 113,907	$ 113,907	$	$ 1,518,760	7.50%
2016	PERA	113,907	113,907		1,518,760	7.50%
2017	PERA	122,265	122,265		1,630,200	7.50%
2018	PERA	134,720	134,720		1,796,267	7.50%
2019	PERA	136,911	136,911		1,825,480	7.50%
2020	PERA	148,391	148,391		1,978,547	7.50%
2021	PERA	153,494	153,494		2,046,587	7.50%
2022	PERA	157,076	157,076		2,094,347	7.50%
2023	PERA	176,892	176,892		2,358,560	7.50%

Schedule of District's Contributions
TRA Retirement Funds
Last Ten Years

Fiscal Year Ended June 30	Pension Plan	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	TRA	$ 382,799	$ 382,799	$	$ 5,103,987	7.50%
2016	TRA	379,906	379,906		5,065,413	7.50%
2017	TRA	416,374	416,374		5,551,653	7.50%
2018	TRA	451,566	451,566		6,020,880	7.50%
2019	TRA	463,452	463,452		6,179,360	7.50%
2020	TRA	502,365	502,365		6,515,759	7.71%
2021	TRA	551,188	551,188		6,959,444	7.92%
2022	TRA	572,049	572,049		7,036,273	8.13%
2023	TRA	655,607	655,607		7,860,995	8.34%

INDEPENDENT SCHOOL DISTRICT #255
PINE ISLAND, MINNESOTA

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

Fiscal Year Ended June 30	District's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	District's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability (Asset) Associated with the District (b)	District's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated With the District	Covered Payroll (c)	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0278%	$ 1,305,905	$	$ 1,305,905	$ 1,518,760	86%	78.70%
2015	0.0262%	1,357,820		1,357,820	1,518,760	89%	78.20%
2016	0.0263%	2,135,430	27,844	2,163,274	1,630,200	133%	68.90%
2017	0.0279%	1,781,118	22,382	1,803,500	1,796,267	100%	75.90%
2018	0.0272%	1,508,944	49,510	1,558,454	1,825,480	85%	79.53%
2019	0.0280%	1,548,057	47,998	1,596,055	1,978,547	81%	80.23%
2020	0.0287%	1,720,696	53,087	1,773,783	2,046,587	87%	79.06%
2021	0.0291%	1,242,700	37,964	1,280,664	2,094,347	61%	87.00%
2022	0.0315%	2,494,810	73,087	2,567,897	2,358,560	109%	76.70%

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

Fiscal Year Ended June 30	District's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	District's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability (Asset) Associated with the District (b)	District's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated With the District (a+b)	Covered Payroll (c)	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.1085%	$ 4,999,601	$ 351,616	$ 5,351,217	$ 5,103,987	105%	81.50%
2015	0.0998%	6,173,617	379,906	6,553,523	5,065,413	129%	76.80%
2016	0.1067%	25,450,496	2,554,350	28,004,846	5,551,653	504%	44.90%
2017	0.1118%	22,317,308	2,157,213	24,474,521	6,020,880	406%	51.57%
2018	0.1118%	7,024,958	660,263	7,685,221	6,179,360	124%	78.07%
2019	0.1148%	7,317,376	647,776	7,965,152	6,515,759	122%	78.07%
2020	0.1198%	8,850,985	741,512	9,592,497	6,959,444	138%	75.48%
2021	0.1176%	5,146,528	433,990	5,580,518	7,036,273	79%	86.63%
2022	0.1272%	10,185,503	755,163	10,940,666	7,860,995	139%	76.17%

INDEPENDENT SCHOOL DISTRICT #255
PINE ISLAND, MINNESOTA

SUPPLEMENTARY INFORMATION

JUNE 30, 2023

INDEPENDENT SCHOOL DISTRICT #255
PINE ISLAND, MINNESOTA
COMPARATIVE BALANCE SHEET
GENERAL FUND
June 30, 2023 and 2022

	2023	2022
Assets		
Cash and investments	$ 3,192,729	$ 3,836,408
Current property taxes receivable	925,339	1,042,471
Delinquent property taxes receivable	15,134	11,816
Accounts receivable		3,951
Due from other school districts		207,416
Due from Minnesota Department of Education	1,263,798	1,272,393
Due from Federal through Minnesota Department of Education	537,106	364,775
Lease receivable	44,059	
Inventory	407,481	424,292
Prepaid items	46,925	10,731
TOTAL ASSETS	$ 6,432,571	$ 7,174,253
Liabilities		
Accounts payable	$ 156,459	$ 64,846
Salaries and accrued liabilities payable	1,296,476	1,152,653
Due to other school districts	40,818	107,737
Unearned revenue	37,625	48,646
TOTAL LIABILITIES	1,531,378	1,373,882
Deferred Inflows of Resources		
Unavailable revenue:		
Delinquent property taxes	15,134	11,816
Deferred inflows from leasing activity	44,059	
Taxes levied for subsequent year	1,772,697	1,983,767
TOTAL DEFERRED INFLOWS OF RESOURCES	1,831,890	1,995,583
Fund Balances		
Nonspendable	454,406	435,023
Restricted	626,290	492,570
Assigned	254,360	865,235
Unassigned	1,734,247	2,011,960
TOTAL FUND BALANCES	3,069,303	3,804,788
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 6,432,571	$ 7,174,253

INDEPENDENT SCHOOL DISTRICT #255
PINE ISLAND, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2023
With Partial Comparative Data for the Year Ended June 30, 2022

	Budgeted Amounts		2023	Over (Under)	2022
	Original	Final	Actual	Final Budget	Actual
Revenues					
Local sources:					
Property tax levies	$ 2,658,909	$ 2,297,125	$ 2,312,802	$ 15,677	$ 2,350,040
Investment income		5,000	82,512	77,512	60,790
State sources	489,169	543,174	546,906	3,732	533,217
TOTAL REVENUES	3,148,078	2,845,299	2,942,220	96,921	2,944,047
Expenditures					
Debt Service:					
Principal	1,360,000	1,360,000	1,360,000		1,300,000
Interest and other fiscal charges	2,232,865	2,234,815	2,232,314	(2,501)	2,326,622
TOTAL EXPENDITURES	3,592,865	3,594,815	3,592,314	(2,501)	3,626,622
NET CHANGE IN FUND BALANCES	(444,787)	(749,516)	(650,094)	99,422	(682,575)
FUND BALANCE - BEGINNING	33,889,848	33,889,848	33,889,848		34,572,423
FUND BALANCE - ENDING	$ 33,445,061	$ 33,140,332	$ 33,239,754	$ 99,422	$ 33,889,848

INDEPENDENT SCHOOL DISTRICT #255
PINE ISLAND, MINNESOTA
SUPPLEMENTAL COST SCHEDULES
For the Fiscal Years Ended June 30, 2023 and 2022
(Unaudited)

Fiscal year Ended June 30, 2023		2022 - 2023 Expenditures	Cost Per Adjusted Average Daily Membership (All Funds)
District and school administration		$ 1,147,700	$ 778
District support services		321,820	218
Regular instruction		8,531,422	5,786
Vocational instruction		800,763	543
Special education		3,068,853	2,081
Community education and services		1,225,765	831
Instructional support services		805,310	546
Pupil support services		1,669,906	1,133
Site, buildings, and equipment	*	1,889,670	1,282
Fiscal and other fixed cost programs		128,009	87
TOTALS		$ 19,589,218	$ 13,286

2022 - 2023 Adjusted Average Daily Membership - 1,474.39

* Expenditures exclude payments from building construction fund and land purchase

Fiscal year Ended June 30, 2022		2021 - 2022 Expenditures	Cost Per Adjusted Average Daily Membership (All Funds)
District and school administration		$ 966,279	$ 673
District support services		396,967	276
Regular instruction		8,329,773	5,800
Vocational instruction		382,961	267
Special education		2,173,414	1,513
Community education and services		995,381	693
Instructional support services		828,264	577
Pupil support services		1,542,026	1,074
Site, buildings, and equipment	*	1,329,384	926
Fiscal and other fixed cost programs		106,320	74
TOTALS		$ 17,050,769	$ 11,873

2021 - 2022 Adjusted Average Daily Membership - 1,436.06

* Expenditures exclude payments from building construction fund

INDEPENDENT SCHOOL DISTRICT #255
PINE ISLAND, MINNESOTA

TAX LEVY HISTORY

	22 Pay 23 Fiscal 24	21 Pay 22 Fiscal 23	20 Pay 21 Fiscal 22	19 Pay 20 Fiscal 21	18 Pay 19 Fiscal 20
Tax Levy*					
General	$ 1,911,915	$ 2,120,304	$ 1,325,828	$ 1,275,226	$ 1,431,449
Community Service	95,521	132,934	74,400	64,962	20,560
Debt Redemption (Net)	2,704,569	2,658,910	2,700,768	2,651,587	2,610,693
TOTAL TAX LEVY	$ 4,712,005	$ 4,912,148	$ 4,100,996	$ 3,991,775	$ 4,062,702

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

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INDEPENDENT SCHOOL DISTRICT #255
PINE ISLAND, MINNESOTA

OTHER REQUIRED REPORTS

JUNE 30, 2023

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

To the Board of Education
Independent School District #255
Pine Island, 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, and the provisions of the *Minnesota Legal Compliance Audit Guide for School Districts* promulgated by the Legal Compliance Task Force pursuant to Minnesota Statutes Section 6.65, the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the District, as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 4, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards,* and which are described in the accompanying schedule of findings and responses as Finding 2023-001.

Minnesota Legal Compliance

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

District's Response to Findings

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

Purpose of this Report

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

Smith, Schafer and Associates, Ltd.

Rochester, Minnesota
October 4, 2023

INDEPENDENT SCHOOL DISTRICT #255
PINE ISLAND, MINNESOTA
STUDENT ACTIVITY FUNDS
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
For the Year Ended June 30, 2023

FINDING – 2022-001: Compliance

CONDITION:	In accordance with the Manual for Activity Fund Accounting (MAFA), each student activity account must have activity during the year. One student activity account, Senior Class, did not have activity during the year.
CURRENT STATUS:	During our testing, one student activity account did not have activity during the current fiscal year.

FINDING – 2022-002: Compliance

CONDITION:	In accordance with the Manual for Activity Fund Accounting (MAFA), each student activity account must have a statement of purpose form completed and signed during the year. Eight student activity accounts, FCCLA, FFA, Junior Class/Prom, Roots and Shoots, Spanish Club, Senior High Math League, SOP Fundraising, and Ecoliteracy School, did not complete a statement of purpose form.
CURRENT STATUS:	During our testing, no student activity accounts did not have a statement of purpose form.

INDEPENDENT SCHOOL DISTRICT #255
PINE ISLAND, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2023

FINDING – 2023-001: Compliance

Condition:	In accordance with the Manual for Activity Fund Accounting (MAFA), each student activity account must have activity during the year. One student activity account, Towards Zero Deaths, did not have activity during the year.
Criteria:	The District should have controls in place to ensure compliance with MAFA is monitored.
Questioned Costs:	None
Context:	The District has informed us they will implement proper controls to ensure compliance with MAFA.
Effect:	No effect on the financial statements.
Cause:	The District does not have proper controls in place to review and ensure compliance with MAFA is monitored.
Recommendation:	We recommend that the District adopt a policy to comply with MAFA and perform a periodic internal review to ensure compliance is monitored and changes made as necessary.
Views of Responsible Officials and Planned Corrective Action:	Management agrees with the recommendation. See corresponding Corrective Action Plan.
Current Status:	The finding recurred in 2023.

PINE ISLAND PANTHERS

Pine Island Public Schools

223 1st Ave SE, PO Box 398, Pine Island MN 55963
Dr. Tammy Champa, Superintendent
Mitchel Schiltz, 9-12 Principal   Katie Schafer, 5-8 Principal   Josh Westphal, PreK-4 Principal

CORRECTIVE ACTION PLAN (CAP):

The Independent School District #255 respectfully submits the following corrective action plan for the year ended June 30, 2023. Audit period: July 1, 2022 – June 30, 2023.

The findings from the schedule of findings and responses are discussed below. These findings are numbered consistently with the numbers assigned in the schedule.

RESPONSE: FINDINGS 2023-001

Corrective Action Plan (CAP)

The District will adopt a policy to comply with MAFA, ensure activities have activity during the year, and conduct periodic internal review to monitor compliance.

Explanation of Disagreement with Audit Finding

There is no disagreement with the audit findings.

Official Responsible for Ensuring CAP

Superintendent is the official responsible for ensuring corrective action of this deficiency.

Planned completion date for CAP

Change will be done immediately.

Plan to Monitor Completion of CAP

The Board of Education of Independent School District #255 will monitor this process.

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Board of Education
Independent School District #255
Pine Island, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Compliance for Each Major Federal Program

We have audited the District'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 each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the District and to meet our ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance 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 the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express and opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *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 substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section 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 were not identified.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated October 4, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Purpose of this Report

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.

Smith, Schafer and Associates, Ltd.

Rochester, Minnesota
October 4, 2023

INDEPENDENT SCHOOL DISTRICT #255
PINE ISLAND, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2023

Federal Grantor/Pass-through Grantor/Program	Federal ALN Number	Federal Expenditures	
U.S. Department of Education			
Pass-through programs from:			
Minnesota Department of Education:			
Title I Grants to Local Educational Agencies	84.010	$ 44,406	
Supporting Effective Instruction State Grants	84.367	18,089	
Student Support and Academic Enrichment Program	84.424	10,000	
Elementary and Secondary School Emergency Relief Fund	84.425U	398,397	
Special Education - Grants for Infants and Families	84.181	2,670	
		473,562	
Special Education Cluster:			
Special Education - Grants to States	84.027	130,973	
Special Education - Preschool Grants	84.173	5,066	
Subtotal for Special Education Cluster		136,039	
Pass-through from Southeast Service Cooperative:			
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	78	
Subtotal U.S. Department of Education		609,679	
U.S. Department of Health and Human Services			
Pass-through programs from:			
Minnesota Department of Education:			
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	35,847	
CCDF Cluster:			
Child Care and Development Block Grant	93.575	63,594	
Subtotal - U.S. Department of Health and Human Services		99,441	
US Department of Agriculture			
Pass-through programs from:			
Minnesota Department of Education:			
Child Nutrition Cluster:			
Non-Cash Assistance (Commodities):			
National School Lunch Program (NSLP)	10.555	40,728	
Cash Assistance:			
School Breakfast Program (SBP)	10.553	39,187	
National School Lunch Program (NSLP)	10.555	235,292	
Supply Chain Assistance	10.555C	49,164	
Subtotal for Child Nutrition Cluster		364,371	***
State Pandemic Electronic Benefit Transfer (P-EBT)			
Administrative Costs Grant	10.649	628	
Subtotal U.S. Department of Agriculture		364,999	
Total expenditures of federal awards		$ 1,074,119	

*** Major Program

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. General

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2023. The information in the 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 the District, it is not intended to and does not present the financial position or changes in net position of the District.

All pass-through entities listed in the Schedule use the same ALN numbers as the federal grantors to identify these grants and have not assigned any additional identifying numbers.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the 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.

3. Indirect Cost Rate

The District has not charged any indirect costs to any of the federal programs. Therefore, the election of the 10 percent de minimis indirect cost rate is not applicable as allowed under the Uniform Guidance.

4. Other

The District had no expenditures to subrecipients for the year ended June 30, 2023.

5. Food Distribution

Nonmonetary assistance is reported in the schedule with the National School Lunch Program at the fair market value of the commodities received and disbursed which totaled $40,728.

INDEPENDENT SCHOOL DISTRICT #255
PINE ISLAND, MINNESOTA

SCHEDULE OF PRIOR YEAR FINDINGS
Year Ended June 30, 2023

FINDINGS – FINANCIAL STATEMENT AUDIT

No findings.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

No findings.

INDEPENDENT SCHOOL DISTRICT #255
PINE ISLAND, MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

1. Type of auditor's report issued:	Unmodified			
2. Internal control over financial reporting:				
- Material weakness(es) identified?		Yes	X	No
- Significant deficiency(ies) identified?		Yes	X	None reported
3. Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards

1. Internal control over major federal programs:				
- Material weakness(es) identified?		Yes	X	No
- Significant deficiency(ies) identified?		Yes	X	None reported
2. Type of auditor's report issued on compliance for major federal programs:	Unmodified			
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		Yes	X	No

Programs Tested as a Major Program

ALN Number(s)	Name of Federal Program or Cluster
- 10.553, 10.555, 10.555C	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000			
Auditee qualified as low-risk auditee?	X	Yes		No

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INDEPENDENT SCHOOL DISTRICT #255
PINE ISLAND, MINNESOTA

COMPLIANCE TABLE

JUNE 30, 2023

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Fiscal Compliance Report - 6/30/2023

District: PINE ISLAND (255-1)

01 GENERAL FUND

	Audit	UFARS	Audit - UFARS
Total Revenue	$18,078,740	$18,078,741	($1)
Total Expenditures	$20,052,296	$20,052,295	$1
Non Spendable:			
4.60 Non Spendable Fund Balance	$454,406	$454,406	$0
Restricted / Reserved:			
4.01 Student Activities	$76,191	$76,191	$0
4.02 Scholarships	$183,585	$183,585	$0
4.03 Staff Development	$0	$0	$0
4.07 Capital Projects Levy	$0	$0	$0
4.08 Cooperative Revenue	$0	$0	$0
4.13 Funded by COP/FP	$0	$0	$0
4.14 Operating Debt	$0	$0	$0
4.16 Levy Reduction	$0	$0	$0
4.17 Taconite Building Maint	$0	$0	$0
4.24 Operating Capital	$0	$0	$0
4.26 $25 Taconite	$0	$0	$0
4.27 Disabled Accessibility	$0	$0	$0
4.28 Learning & Development	$0	$0	$0
4.34 Area Learning Center	$0	$0	$0
4.35 Contracted Alt. Programs	$0	$0	$0
4.36 State Approved Alt. Program	$0	$0	$0
4.38 Gifted & Talented	$0	$0	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.41 Basic Skills Programs	$0	$0	$0
4.48 Achievement and Integration	$0	$0	$0
4.49 Safe Schools Levy	$19,327	$19,327	$0
4.51 QZAB Payments	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
4.53 Unfunded Sev & Retiremt Levy	$0	$0	$0
4.59 Basic Skills Extended Time	$0	$0	$0
4.67 LTFM	$347,187	$347,187	$0
4.72 Medical Assistance	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
4.75 Title VII Impact Aid	$0	$0	$0
4.76 Payments in Lieu of Taxes	$0	$0	$0
Committed:			
4.18 Committed for Separation	$0	$0	$0
4.61 Committed Fund Balance	$0	$0	$0
Assigned:			
4.62 Assigned Fund Balance	$254,360	$254,359	$1
Unassigned:			
4.22 Unassigned Fund Balance	$1,734,247	$1,734,249	($2)

02 FOOD SERVICES

	Audit	UFARS	Audit - UFARS
Total Revenue	$924,367	$924,365	$2
Total Expenditures	$886,343	$886,342	$1
Non Spendable:			
4.60 Non Spendable Fund Balance	$22,385	$22,384	$1
Restricted / Reserved:			
4.52 OPEB Liab Not In Trust	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$380,966	$380,965	$1
Unassigned:			
4.63 Unassigned Fund Balancee	$0	$0	$0

04 COMMUNITY SERVICE

	Audit	UFARS	Audit - UFARS
Total Revenue	$1,323,394	$1,323,394	$0
Total Expenditures	$1,225,765	$1,225,764	$1
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.26 $25 Taconite	$0	$0	$0
4.31 Community Education	$498,341	$498,341	$0
4.32 E.C.F.E	$29,179	$29,179	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.44 School Readiness	$68,625	$68,625	$0
4.47 Adult Basic Education	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$29,547	$29,547	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

06 BUILDING CONSTRUCTION

	Audit	UFARS	Audit - UFARS
Total Revenue	$43,720	$43,720	$0
Total Expenditures	$3,672,436	$3,672,437	($1)
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.07 Capital Projects Levy	$0	$0	$0
4.13 Funded by COP/FP	$229,106	$229,105	$1
4.67 LTFM	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

07 DEBT SERVICE

	Audit	UFARS	Audit - UFARS
Total Revenue	$2,942,220	$2,942,221	($1)
Total Expenditures	$3,592,314	$3,592,315	($1)
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.25 Bond Refundings	$32,598,010	$32,598,010	$0
4.33 Maximum Effort Loan Aid	$0	$0	$0
4.51 QZAB Payments	$0	$0	$0
4.67 LTFM	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$641,744	$641,744	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

08 TRUST

	Audit	UFARS	Audit - UFARS
Total Revenue	($8,886)	($8,886)	$0
Total Expenditures	$10,555	$10,555	$0
Restricted / Reserved:			
4.01 Student Activities	$0	$0	$0
4.02 Scholarships	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$213,844	$213,844	$0

18 CUSTODIAL

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

20 INTERNAL SERVICE

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

25 OPEB REVOCABLE TRUST

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

45 OPEB IRREVOCABLE TRUST

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

47 OPEB DEBT SERVICE

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