

INDEPENDENT SCHOOL DISTRICT 719  
PRIOR LAKE-SAVAGE AREA SCHOOLS  
PRIOR LAKE, MINNESOTA



**2021-22**  
**Annual Comprehensive**  
**Financial Report**  
Year Ended June 30, 2022



ANNUAL COMPREHENSIVE FINANCIAL REPORT  
for the Fiscal Year Ended June 30, 2022

INDEPENDENT SCHOOL DISTRICT NO. 719  
PRIOR LAKE-SAVAGE AREA SCHOOLS

4540 Tower Street SE  
Prior Lake, MN 55372

Prepared by:

District Business Office

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INDEPENDENT SCHOOL DISTRICT NO. 719

**Table of Contents**

	Page
<b>SECTION I – INTRODUCTORY SECTION</b>	
Letter of Transmittal	i–xv
Organizational Chart	xvi
School Board and Administration	xvii
Certificate of Excellence in Financial Reporting	xviii
<b>SECTION II – FINANCIAL SECTION</b>	
<b>INDEPENDENT AUDITOR’S REPORT</b>	
	1–4
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b>	
	5–16
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-Wide Financial Statements	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements	
Governmental Funds	
Balance Sheet	19–20
Reconciliation of the Balance Sheet to the Statement of Net Position	21
Statement of Revenue, Expenditures, and Changes in Fund Balances	22–23
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities	24
Statement of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	25
Statement of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual – Food Service Special Revenue Fund	26
Statement of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual – Community Service Special Revenue Fund	27
Proprietary Funds	
Internal Service Funds	
Statement of Net Position	28
Statement of Revenue, Expenses, and Changes in Net Position	29
Statement of Cash Flows	30
Fiduciary Funds	
Statement of Fiduciary Net Position	31
Statement of Changes in Fiduciary Net Position	32
Notes to Basic Financial Statements	33–67

INDEPENDENT SCHOOL DISTRICT NO. 719

**Table of Contents (continued)**

	Page
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Public Employees Retirement Association Pension Benefits Plan	
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability	68
Schedule of District Contributions	68
Teachers Retirement Association Pension Benefits Plan	
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability	69
Schedule of District Contributions	69
Other Post-Employment Benefits Plan	
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	70
Supplemental Pension Benefits Plan	
Schedule of Changes in the District's Total Pension Liability and Related Ratios	71
Notes to Required Supplementary Information	72–77
<b>SUPPLEMENTARY INFORMATION</b>	
Individual Fund Statements and Schedules	
General Fund	
Comparative Balance Sheet	78
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual	79–81
Food Service Special Revenue Fund	
Comparative Balance Sheet	82
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual	83
Community Service Special Revenue Fund	
Comparative Balance Sheet	84
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual	85
Capital Projects – Building Construction Fund	
Comparative Balance Sheet	86
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual	87
Debt Service Fund	
Comparative Balance Sheet	88
Schedule of Revenue, Expenditures, and Changes in Fund Balances Budget and Actual	89
Internal Service Funds	
Combining Statement of Net Position	90
Combining Statement of Revenue, Expenses, and Changes in Net Position	91
Combining Statement of Cash Flows	92

INDEPENDENT SCHOOL DISTRICT NO. 719

**Table of Contents (continued)**

	Page
<b>SECTION III – STATISTICAL SECTION (UNAUDITED)</b>	
Statistical Section (Unaudited)	
Net Position by Component	93–94
Changes in Net Position	95–96
Fund Balances of Governmental Funds	97–98
Changes in Fund Balances of Governmental Funds	99–100
Net Tax Capacity and Valuation of All Taxable Property	101
Direct and Overlapping Property Tax Rates	102–103
Principal Property Taxpayers	104
Property Tax Levies and Collections	105–106
Outstanding Debt by Type	107
Computation of Direct and Overlapping Bonded Debt	108
Legal Debt Margin Information	109–110
Ratio of Net Bonded Debt to Assessed Value and Per Capita	111
Demographic and Economic Statistics	112
Principal Employers	113
Full-Time Equivalent District Employees by Type	114–115
Operating Statistics	116
Building Information	117–118

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INTRODUCTORY SECTION





# PRIOR LAKE-SAVAGE AREA SCHOOLS

*A community of lifelong learners*

October 17, 2022

To the Citizens, School Board, and Staff of Prior Lake-Savage Area Schools:

## **PREFACE**

The Annual Comprehensive Financial Report (ACFR) of Independent School District No. 719, Prior Lake-Savage Area Schools (the District) is submitted for the fiscal year (FY) ended June 30, 2022. The District's administration accepts total responsibility for the accuracy, completeness, and fairness in presentation of the enclosed financial reports. An independent firm of certified public accountants audits this report.

The District, also known as Prior Lake-Savage Area Schools (PLSAS), is an instrumentality of the state of Minnesota established to function as an educational institution. The elected School Board is responsible for legislative and fiscal control of the District. A superintendent is appointed by the School Board and is responsible for administrative control of the District. There are no other entities for which the District is considered financially accountable.

These financial statements incorporate the requirements of Statement No. 34 of the Governmental Accounting Standards Board (GASB) entitled *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. This standard, issued in June 1999, creates a reporting model of financial information and disclosure, which is comprehensive and attempts to closely reflect the reporting model required for private industry. The reader will notice that two entity-wide basic financial statements created by this standard, the Statement of Net Position and the Statement of Activities, do not contain numerous columns for various funds that have been seen in past governmental financial statements. These two statements consolidate much of the information contained in fund-based financial statements of the past into statements which tend to answer the question: "Is the District better or worse off financially than it was in the previous year?" A comparison of net position should help the reader in answering that question.

Also required as a part of required supplementary information by GASB Statement No. 34 is a management's discussion and analysis, which allows the District to explain, in layman's terms, its financial position and results of operations of the past fiscal year.

The ACFR is presented in three primary sections as follows:

- Introductory Section
- Financial Section
- Statistical Section

The introductory section includes a list of principal officials, an organizational chart, a Certificate of Excellence in Financial Reporting, and this transmittal letter. The financial section includes the basic financial statements, management's discussion and analysis, required supplementary information, and individual fund statements and related schedules. The report of the Independent Certified Public Accountants is also included in the financial section. Notes to the basic financial statements are provided to enhance the reader's understanding of the District's accounting policies and procedures. The statistical section incorporates GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*. GASB Statement No. 44 offers a wealth of descriptive and illustrative material designed to minimize the possibility of misinterpretation. GASB incorporated into the statistical section certain data now available for the first time as a result of the implementation of GASB Statement No. 34. GASB established five broad objectives, which are used to organize the statistical section:

- 1) Financial trends
- 2) Revenue capacity
- 3) Debt capacity
- 4) Demographics and economics information
- 5) Operating indicators

The District is required to undergo an annual audit of its Federal Financial Assistance (Single Audit) in accordance with *Government Auditing Standards*, as issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Uniform Guidance. Information related to the Single Audit is issued separately and is not included in this report.

## **DISTRICT STRATEGIC ROADMAP**

The School Board approved a revised strategic roadmap for the District in 2022, which serves as a compass to shape yearly improvement goals and guide the District's educational programs, services, and applied resources. One of the priorities of the strategic plan was to maintain our current fiscal health and accountability, while moving toward achievement of our educational vision. Components include:

### **School District Mission**

Our mission is to educate all learners to reach their full potential as contributing and productive members of an ever-changing global community.

### **Vision**

- Sustainable environmental focus recognized at the state and national levels
- Challenging, diverse, and personalized learning
- A culture of excellence fostering a love of learning and appreciation of the arts and activities
- Safe and respectful schools
- A district of stakeholder partnerships
- Technology enhancing instruction, communication, and administration
- Innovative and flexible staffing through wise financial stewardship

## **Core Values**

- **Partnership** – Collaboration of resources and talents to achieve high mutual goals for the benefit of all
- **Innovation** – Creative problem-solving connecting creativity with usefulness
- **Respect** – Valuing of ourselves, each other, and our world across all differences
- **Wise Stewardship** – Developing and effective use of our knowledge, human, financial, physical, and environmental resources
- **Accountability** – Holding ourselves and each other accountable for our actions and words
- **Strive for Excellence** – Commitment to continuous learning and improvement

## **Strategic Directions**

- Increasing measurable student learning and reduce achievement gaps as we provide equitable student opportunities through personalized learning and student engagement
- Continue fiscal accountability through operational excellence and the alignment of human, financial and physical resources to district goals
- Expand innovation to improve the learner experience
- Integrate E-STEM focus across the District
- Provide a safe, secure, and supportive environment that nurtures the social and emotional well-being of all learners
- Engage students, parents, families, and community to strengthen a culture of respect and inclusion

## **Commitment to Equity and Inclusion**

The School Board of PLSAS is fully committed to developing and sustaining an inclusive and anti-racist school community, where ALL students, parents, families, staff, and community members are safe, welcomed, and valued, notwithstanding their race, ethnicity, gender, religion, national origin, sexual orientation, gender identity, linguistic diversity, socioeconomic status, or membership in any other protected class.

## **DISTRICT FISCAL FRAMEWORK**

The District has a fund balance policy of 8–12 percent of the annual budget in assigned and unassigned funds. The past five years, the District has maintained a fund balance within School Board policy.

- Districts received an additional increase of 2.45 percent on the basic funding formula in 2021–2022. The basic formula is \$6,728. Weighting for students K–6 is 1.0, for students Grade 7–12, the weighting factor is 1.2. For students that attend the Alternative Learning Center, the number of seat hours is calculated to determine their average daily membership (ADM).
- In 2013, the District and Prior Lake-Savage Educational Association (PLSEA) voted to implement Quality Compensation (Q-Comp) programs in the District and it was approved for implementation by the Minnesota Department of Education (MDE) for the 2013–2014 school year. Q-Comp supports professional development and improves student achievement. Q-Comp meets the requirements of the Teacher Evaluation Plan. The District continues to utilize Q-Comp throughout the District.
- In 2020–2021, the School Board approved levy and aid funding for Achievement and Integration to allow the District to provide expanded services in this area.

- Remaining federal coronavirus (COVID-19) relief funds were allocated to school districts during the 2020–2021 school year. These funds were allocated for specific purposes and have spending deadlines extended over the next 2 years. The dollars were spent on technology equipment and software, certified and noncertified staffing, curriculum, COVID-19 test kits and health services, summer programs, special education, and community education.
- Funding has been below the current annual rate of inflation for the last 20 years. Accordingly, the District continues to utilize sophisticated enrollment and financial planning tools, along with detailed and conservative budgeting and budget monitoring processes.

## **MEASURES OF ACADEMIC PROGRESS**

### **The MCA-III**

Each year, students attending PLSAS take the Minnesota Comprehensive Assessment (MCA) in math, reading, and science. The MDE's Statewide Testing webpage (<https://education.mn.gov/MDE/dse/test/>) lists the purpose of these tests as follows:

1. Measure student performance on Minnesota's academic standards
2. Measure the academic progress of students over time, and
3. Provide Minnesota graduates a score related to career and college readiness.

Students in Grades 3–8 are tested in both math and reading. Students in Grade 10 are tested in reading and students in Grade 11 are tested in math. Students in Grades 5 and 8 take the science test. Additionally, high school students who are enrolled in biology (typically 10th Graders) take the high school science test.

All students completed the test online unless other accommodations were warranted. Both the reading and math assessments are adaptive, meaning each item a student is tasked with is based on the student's response to an earlier item. If a student answers an item correctly, they will see more difficult items; if a student responds incorrectly, they will see less difficult items.

The Minnesota Test of Academic Skills (MTAS) is an alternative test for specific students receiving Special Education services. Results of this assessment are not included in the information presented here.

October 1 enrollment filters are not activated for these results.

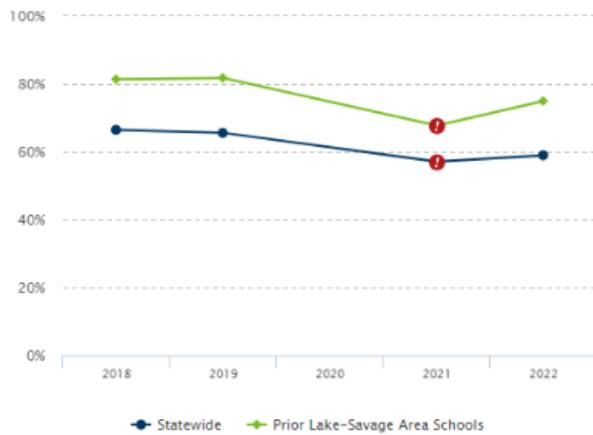
Results are reported in four levels: not meeting standards, partially meeting standards, meeting standards, and exceeding standards. The meeting and exceeding standards levels are considered to be at or above grade level and together constitute the percentage of students who are proficient. All scores listed in this report are rounded to whole numbers and indicate the percentage of students achieving proficiency on the MCA-III assessments, measuring current Minnesota academic standards.

## District Overview

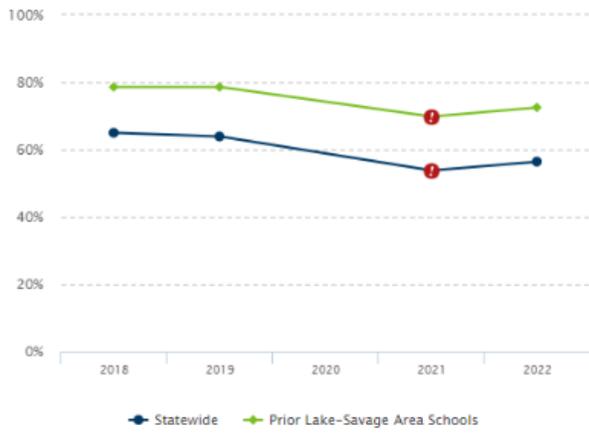
As a district, the percent of PLSAS students scoring at or above the level of proficiency in reading increased from 59 percent in 2021 to 62 percent in 2022. The percent of PLSAS students scoring at or above proficiency in math increased from 56 percent in 2021 to 60 percent in 2022. There was a decrease in the percentage of students showing proficiency in science, from 54 percent in 2021 to 52 percent in 2022.

The following graphs provide trends of MCA-III results by subject and grade level in PLSAS and the state of Minnesota. The red dot with an exclamation point is a way to note that there is no summarized assessment data available for 2021.

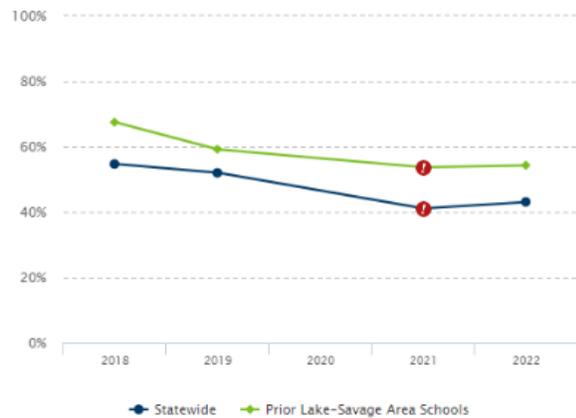
### Math, 3rd Grade



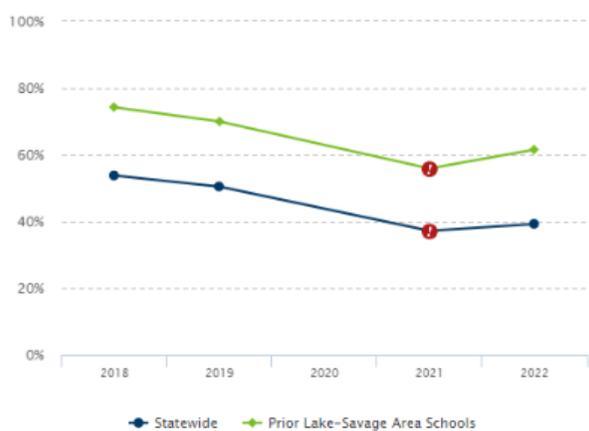
### Math, 4th Grade



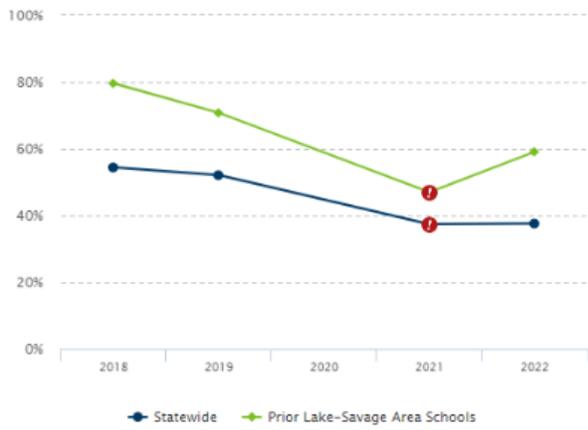
### Math, 5th Grade



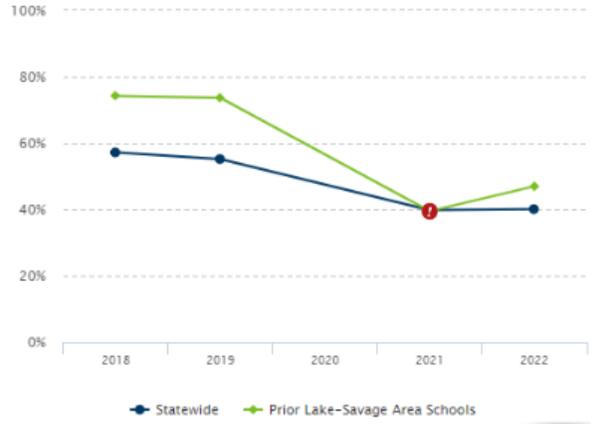
### Math, 6th Grade



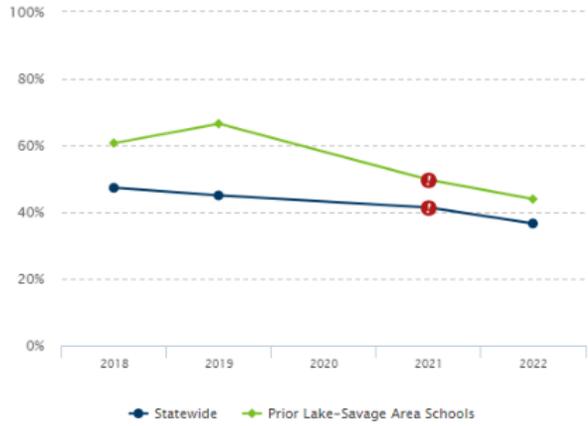
### Math, 7th Grade



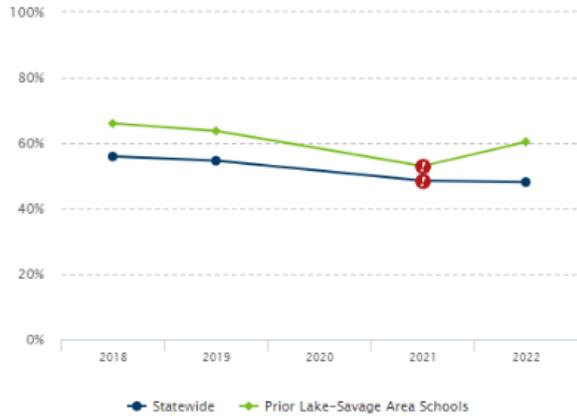
### Math, 8th Grade



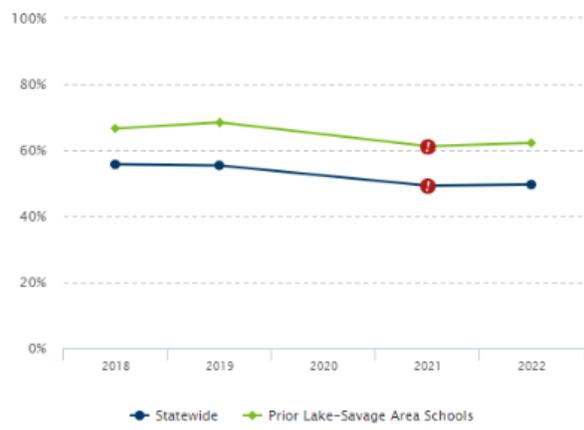
### Math, 11th Grade



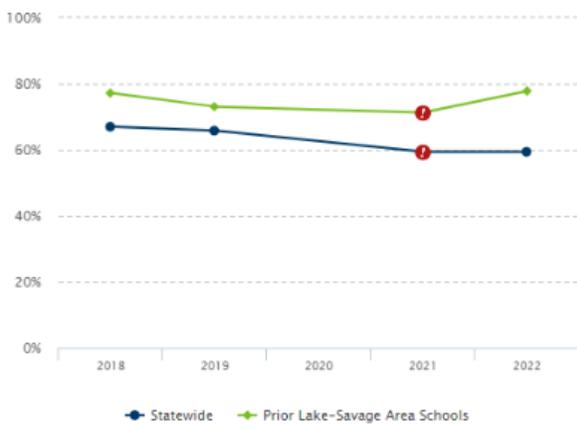
### Reading, 3rd Grade



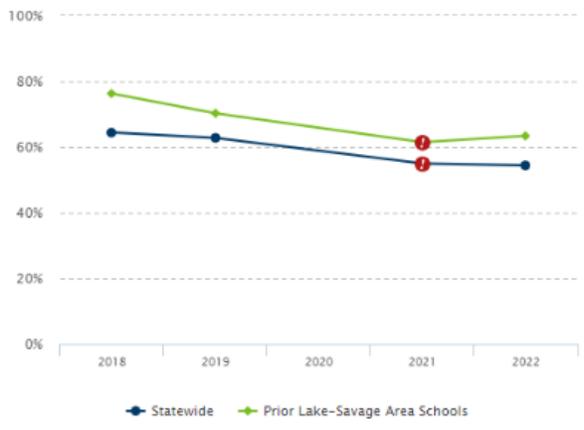
### Reading, 4th Grade



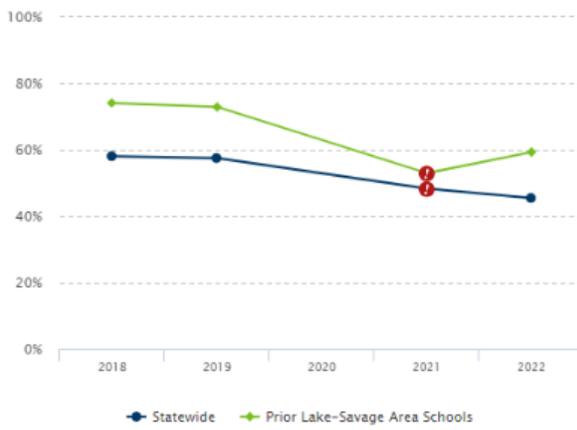
### Reading, 5th Grade



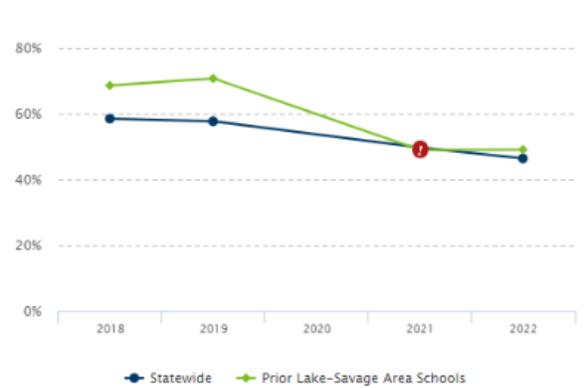
### Reading, 6th Grade



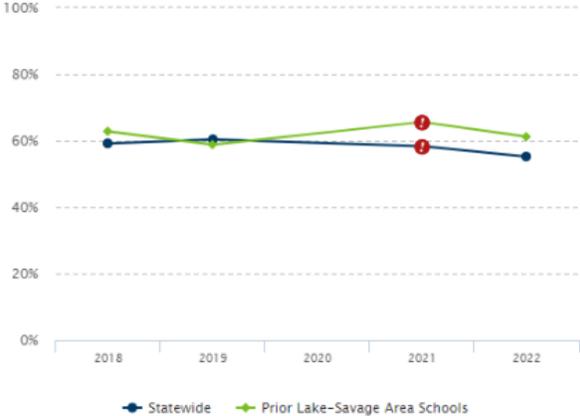
### Reading, 7th Grade



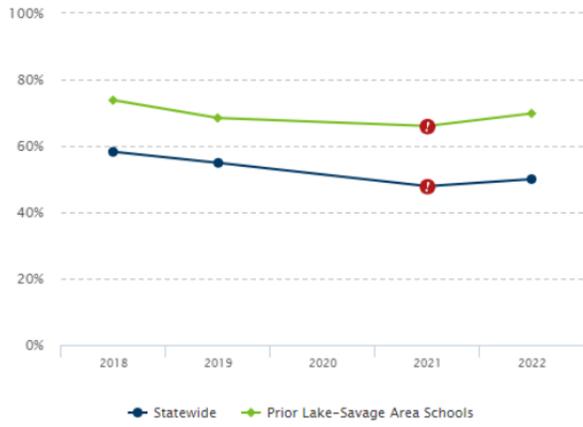
### Reading, 8th Grade



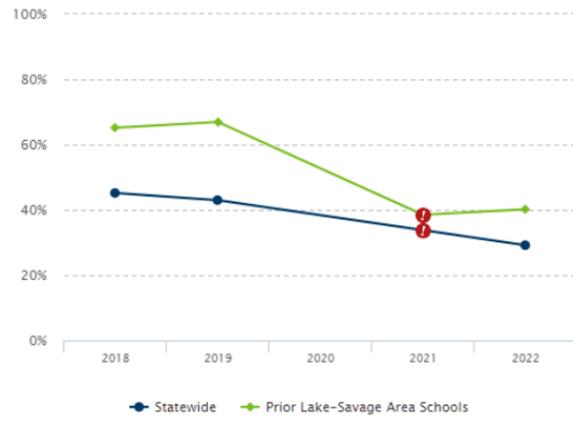
# Reading, 10th Grade



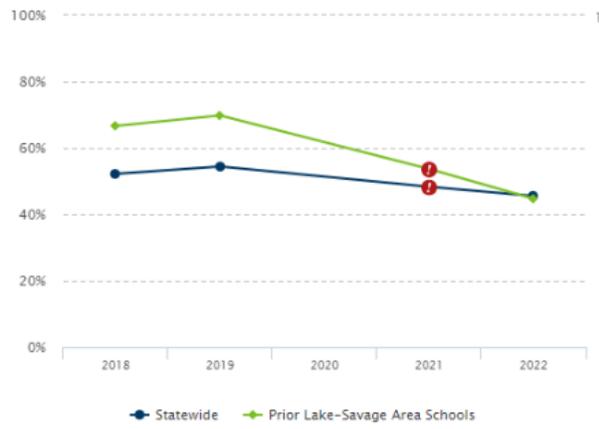
### Science, 5th Grade



### Science, 8th Grade



### Science, High School



Student participation rates were almost back to pre-Covid rates for the MCA-III in math and reading. In prior years, approximately 98 percent of students tested district-wide. In 2021, 70 percent of students took the MCA-III in math, 75 percent in reading, and 77 percent in science. For 2022, 95 percent of students took the MCA-III in math, 97 percent in reading, and participation was down further to 65 percent in science.

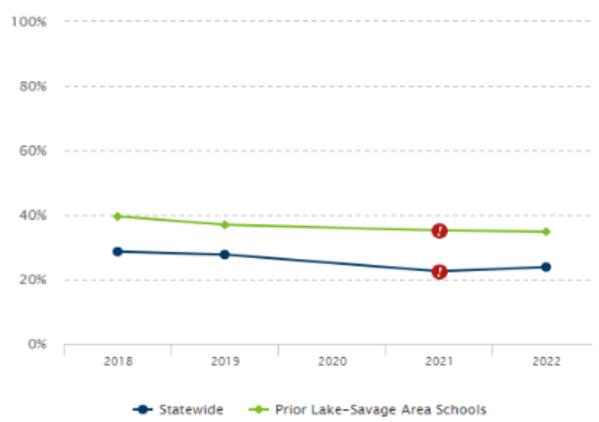
### Student Groups by Subject

Any group of students present in PLSAS, yet not reported, is due to either fewer than 10 students in the group or a score profile which would identify students.

Math – PLSAS overall proficiency 62 percent

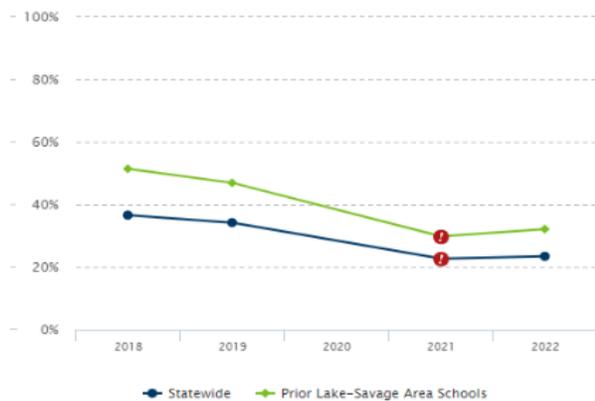
Math – English Learners – 28 out of 144 students were proficient (19%) in 2022

Math – Special Education – 149 out of 436 students were proficient (34%) in 2022



Math – Free and reduced-priced meals – 162 out of 509 students were proficient (32%) in 2022

Math – Race/Ethnicity – Percent proficient by race/ethnicity

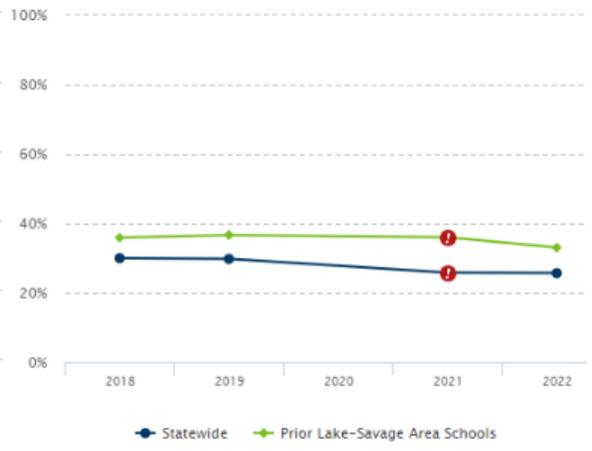


- 65% White
- 56% Two or More
- 70% Asian
- 31% American Indian
- 25% Black
- 36% Hispanic

Reading – PLSAS overall proficiency 60 percent

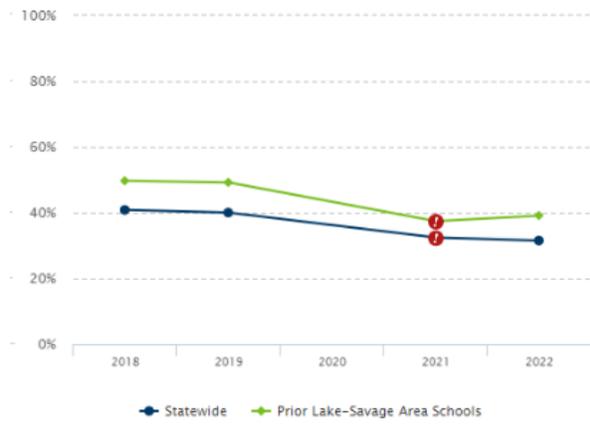
Reading – English Learners – 27 out of 150 students were proficient (18%) in 2022

Reading – Special Education – 151 out of 469 students were proficient (32%) in 2022



Reading – Free and reduced-priced meals – 208 out of 538 students were proficient (39%) in 2022

Reading – Race/Ethnicity – 2022 Proficiency Rates by Student Group



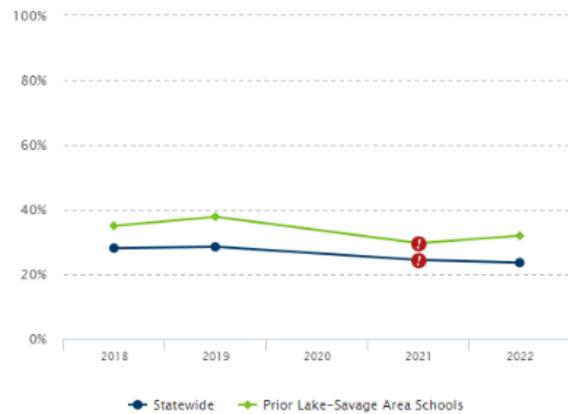
- 74% Asian
- 64% White
- 65% Two or more
- 50% American Indian
- 47% Hispanic
- 38% Black

## Science PLSAS overall proficiency 52 percent

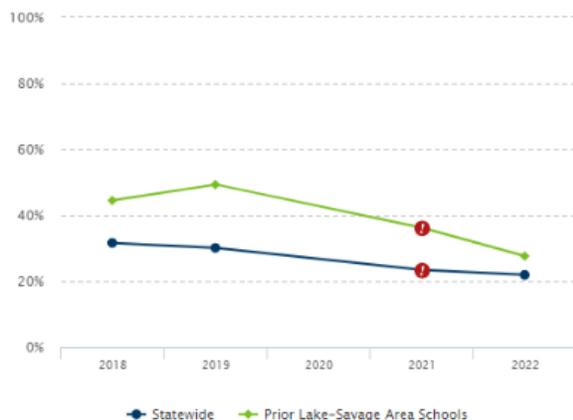
Science – English Learners – 1 out of 38 students were proficient (3%) in 2022



Science – Special Education – 56 out of 184 students were proficient (30%) in 2022



Science – Free and reduced-priced meals – 55 out of 199 students were proficient (28%) in 2022



Science – Race/Ethnicity – 2022 Proficiency Rates by Student Group

54% White  
64% Asian  
57% Two or more  
31% Hispanic  
22% Black

## Next Steps

- PLSAS compares results with those of neighboring and comparable school districts.
- MCA-III Benchmark Reports, available in September, are analyzed by district administrators, building leaders, teachers, and curriculum committee to determine district and school-wide areas of strength and areas for growth. Action plans will be integrated into School Continuous Improvement Plans (SCIP) to increase student learning in specific standards.
- Building Instructional Leadership Teams (BILT) analyze grade and cohort data, which will fuel the selection of research-based strategies for implementation in the SCIP.

- Learning Teams work with BILTs to further analyze and act upon MCA-III results through SCIP goals, SCIP strategies, and Learning Team goals.
- BILTs and Learning Teams analyze MCA-III data by student group (race/ethnicity, students receiving free or reduced-priced meals, Special Education services, or who are English Learners) to find and determine how to decrease gaps.

#### School Level

- Buildings analyze grade level, cohort level, and student level data through the work of their BILTs. This analysis fuels the research-based strategies selected for implementation in the SCIP.
- BILTs and Learning Teams analyze MCA-III Benchmark Reports to determine school-wide areas of strength and areas of growth. SCIPs contain goals that build on the strengths of the school itself and close the gaps where areas of opportunity exist.

### LOCAL ECONOMIC CONDITION AND OUTLOOK

The cities the District serves are all or part of Prior Lake, Savage, Credit River and also small sections of Shakopee and Jordan. The townships the District serves are all or part of Spring Lake, Cedar Lake, and Sand Creek in Scott County encompassing 44.6 square miles. However, the vast majority of the District's households are in the cities of Prior Lake and Savage. In 2019, 81 percent of the District's households were in these two cities. Only about 1 percent of Cedar Lake Township and Sand Creek Township are in the District.

Growth was rapid in the 1990's when district households increased by nearly 60 percent. Housing growth continues to expand in both Prior Lake and Savage. Over the past five years, the City of Savage has seen average growth of 157 units per year and the City of Prior Lake has seen a growth of 202 units. The housing growth is expected to continue, but at a slower rate for both cities, with no substantial increase in family homes within the next 2 years anticipated. In 2021, the City of Savage issued permits for 30 single-family units and 4 for townhomes. The City of Prior Lake issued permits for 67 single-family units and 4 for townhomes. In the next 3 years, the City of Savage anticipates ±55 permits per year. The City of Prior Lake anticipates ±100 permits each year, with the majority of these developments within district boundaries.

Learners in the District attend 12 educational sites, with 1,687,865 square feet of space. The average age of the buildings in the District is 25 years. The District has 7 elementary schools for students in Grades K–5, a middle school for students in Grades 6–8, and Prior Lake High School (PLHS) for students Grades 9–12. In addition, the District has Bridges Alternative Learning Center (ALC), for students in Grades 9–12 and Edgewood School offering preschool education opportunities for district families. SAGE Academy, located at WestWood Elementary is the home of the gifted and talented program for students in Grades 3–5.

District expenditures per pupil are consistently among the lowest in the 7-county metro area. The District spends about \$2,300 less per student than the seven-county metro average and has one of the lowest administrative costs per student in the metro area.

The District employs over 1,300 staff members. Our staff is focused on our mission: **“Our mission is to educate all learners to reach their full potential as contributing and productive members of an ever-changing global community.”**

The District is considered a “destination district.” Parents are moving into the District boundaries in order for their child(ren) to attend the schools within the District. This is due to the success of the progressive programs that are offered at the District, including: digital learning, Spanish Immersion, SAGE Academy, an E-STEM focus, Bridges ALC, MNCaps, Advanced Placement classes, College in the Schools, Environmental Preschool program, Personalized Learning, along with many other opportunities and programs. Laker On-line was established in 2021 for students choosing a virtual educational experience.

The District enrollment has leveled in the last 3 years ending fiscal 2022 at 8,851 students. While 2022 showed a small increase in enrollment, a slight decrease is forecasted for 2023 and 2024.

Students have the opportunity to enjoy homemade breakfast and lunch made in-house in each of our buildings through the District’s child nutrition services. In the 2015–2016 school year, the School Board approved a pilot plan for PLHS to not participate in the Federal School Lunch Program. Due to the success of the program at PLHS, the District will remain off of the Federal School Lunch Program at that site. In school year 2021–2022, the District was again able to administer the Summer Meal Program and was able to serve grades Pre-K through Grade 8 free of charge. Prior Lake High School charged meals per usual. The District child nutrition services team served 830,908 meals.

Our bus service is contracted with local vendors. Buildings and grounds staff members are responsible for maintaining the facilities inside and out. A dedicated auxiliary staff includes a wide variety of positions, such as lunchroom/playground supervisors, technology integrationists, digital learning specialists, special education support paraprofessionals, secretarial/clerical staff, and health support.

Community Education Services provides educational opportunities to students, parents, and residents of the District by offering youth enrichment programs after school, nights, and weekends, as well as adult programs, such as 55+ Driver Discount, adult basic education for individuals to receive their GED, English Language Learner, and Citizenship classes. The District has a robust early learner program, including a very successful environmentally focused preschool program for three and four-year olds. We also offer early childhood family education, preschool screening, and school readiness. We continue to rebound after the dramatic effect that the pandemic had on the number of classes and learning opportunities being offered through community education.

Parent and community volunteers help in all district sites and serve on a number of advisory committees. Our facilities support all schools’ quality educational programs and are used extensively by the community.

## **INTERNAL CONTROL STRUCTURE AND BUDGETARY CONTROL**

The District complies with the Uniform Financial Accounting and Reporting Standards (UFARS) for Minnesota schools. UFARS, established in 1976, dictates a modified accrual basis of accounting. An audited annual financial report must be provided to the MDE by December 31, subsequent to year-end on June 30.

The budget for each fund is prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund account level. The School Board adopts an annual budget for the following fiscal year for the General Fund, Food Service Special Revenue Fund, Community Service Special Revenue Fund, Capital Projects – Building Construction Fund, and Debt Service Fund. Budgeted expenditure allocations unspent at year-end are included in fund balance. The District has established a system of internal controls that provide reasonable assurance that assets are safeguarded from misuse or loss. Reasonable assurance means the cost of controls is weighted against the benefits received. Encumbrances, or open purchase orders, are used as a budgetary control tool and are charged against line item budgets when issued. Specific expenditure, revenue, and detail transaction reports are available online for each department or school budget. The School Board receives detailed transaction reports for all expenditures each month.

To accurately track and report financial activities with a focus on site-based accounting, approximately 10,500 accounts have been defined in the District's chart of accounts.

### **INDEPENDENT AUDIT**

State statutes require an annual audit by independent certified public accountants. This requirement has been complied with and the opinion of Malloy, Montague, Karnowski, Radosevich, & Co. P.A. is included in this report.

### **CERTIFICATE OF EXCELLENCE AND OTHER INFORMATION**

This report has been prepared following the guidelines provide by the Association of School Business Officials (ASBO) International for their Certificate of Excellence in Financial Reporting Program. Achieving recognition by this program has been a long-time goal of the District's business office and provides a clear indication of the District's high standards for financial reporting. The District intends to submit this ACFR to the ASBO Certificate Program for consideration. The District has received the ASBO Certificate of Excellence in Financial Reporting for its ACFR for the fiscal years ended June 30, 2009 through June 30, 2021. The District has received the School Finance Award from the MDE in recognition of outstanding accomplishments in financial management, including compliance with state statutes for ten years.

### **ACKNOWLEDGMENTS**

We acknowledge the efforts of the entire business office staff in providing complete and accurate data for this ACFR.

Sincerely,

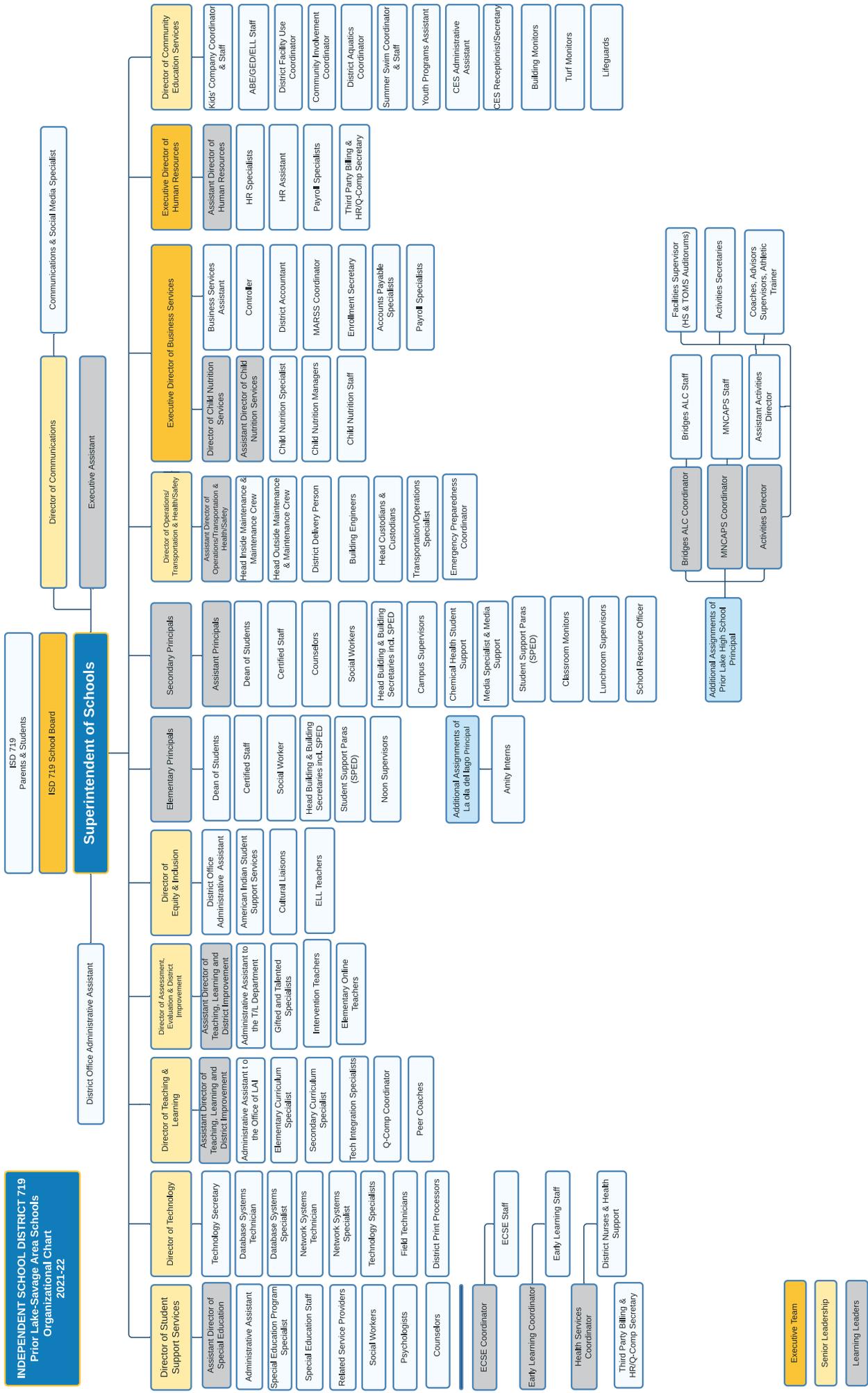


Tammy Fredrickson  
Executive Director of Business Services



Dr. Michael Thomas  
Superintendent of Schools

**INDEPENDENT SCHOOL DISTRICT 719**  
**Prior Lake-Savage Area Schools**  
**Organizational Chart**  
**2021-22**



INDEPENDENT SCHOOL DISTRICT NO. 719

School Board and Administration  
as of June 30, 2022

**SCHOOL BOARD**

	<u>Board Position</u>
Michael Nelson	Chairperson
Amy Crosby	Vice Chairperson/Clerk
Stacey Ruelle	Treasurer
Julie Bernick	Director
Jonathan Drewes	Director
Mary Frantz	Director
Enrique Velazquez	Director

**ADMINISTRATION**

Dr. Teri Staloch	Superintendent
Julie Cink, SFO	Executive Director of Business Services
District Services Center	Independent School District No. 719
	Prior Lake-Savage Area Public Schools
	4540 Tower Street SE
	Prior Lake, MN 55372



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

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

**Prior Lake-Savage Area Schools ISD 719**

**for its Annual Comprehensive Financial Report  
for the Fiscal Year Ended June 30, 2021.**

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



A handwritten signature in black ink, reading 'William A. Sutter'.

**William A. Sutter**  
**President**

A handwritten signature in black ink, reading 'David J. Lewis'.

**David J. Lewis**  
**Executive Director**

FINANCIAL SECTION





**PRINCIPALS**

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

**INDEPENDENT AUDITOR'S REPORT**

To the School Board and Management of  
Independent School District No. 719,  
Prior Lake-Savage Area Schools  
Prior Lake, Minnesota

**OPINIONS**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 719, Prior Lake-Savage Area Schools (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund, Food Service Special Revenue Fund, and Community Service 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**EMPHASIS OF MATTER**

***Change in Accounting Principle***

As described in Note 1 to the financial statements, in fiscal 2022, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

(continued)

## **RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS**

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

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

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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

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

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

(continued)

## **Required Supplementary Information**

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

## **Supplementary Information**

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

## **Other Information**

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

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

## **Prior Year Comparative Information**

We have previously audited the District's 2021 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated October 4, 2021. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

(continued)

**OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota  
October 17, 2022

## INDEPENDENT SCHOOL DISTRICT NO. 719

### Management's Discussion and Analysis Fiscal Year Ended June 30, 2022

This section of Independent School District No. 719, Prior Lake-Savage Area Schools' (the District) Annual Comprehensive Financial Report (ACFR) presents management's discussion and analysis (MD&A) of the District's financial performance during the fiscal year ended June 30, 2022. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

#### **FINANCIAL HIGHLIGHTS**

Key financial highlights for the fiscal year 2022 include the following:

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2022 by \$26,381,501 (net position). The District's total net position increased by \$16,353,338 during the fiscal year ended June 30, 2022. This increase in current year operations is related to investments in capital assets through state aid funding dollars. This District also experienced an increase from payments on outstanding debt exceeding depreciation on the related financed assets. The District experienced increased net position with changes in net pension-related deferred inflows, deferred outflows, and liabilities in the state-wide pension plans the District participates in. The District also had increased overall fund balances, mainly in the General Fund.
- The General Fund increase in fund balance of \$5,830,091 was \$7,997,088 better than projected in the District's final budget as expenditures in the General Fund were lower than budget by \$5,003,718, including lower than projected costs in salaries, purchased services, and supplies and materials.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of the ACFR consists of five parts: independent auditor's report, MD&A (this section), the basic financial statements, required supplementary information, and the individual fund statements and schedules, which are presented as supplementary information. The basic financial statements include several kinds of statements, which present different views of the District:

- The first two statements are *government-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 government-wide financial statements.

- The *governmental fund financial statements* tell how basic services, such as regular and special education, were financed in the *short-term*, as well as what remains for future spending.
- The *proprietary fund financial statements* offer *short-term* and *long-term* financial information about the activities the District operates *like businesses*.
- The *fiduciary fund financial 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.

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial 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, except for fiduciary funds. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

- Over time, increases or decreases in the District's net position are 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 nonfinancial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, the District's activities are shown in one category:

- *Governmental Activities* – All of the District's basic services are included here, such as regular and 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—rather than 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 or to show that it is properly using certain revenues.

The District has three 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 fund financial 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 government-wide financial statements, we provide additional information in the governmental fund financial statements that explains the relationship (or differences) between them.
- **Proprietary Funds** – Internal service fund services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District uses internal service funds to report activities that provide supplies and services for the District's other programs and activities. The District currently has two internal service funds consisting of a self-insured dental and medical plan, and an Other Post-Employment Benefits (OPEB) Fund.
- **Fiduciary Funds** – The District is the trustee, or *fiduciary*, for assets that belong to others, including the Other Employee Benefit Trust, which accounts for the District's health reimbursement arrangement trust activities and Custodial Fund, which accounts for scholarship activity. The District is responsible for ensuring that the assets reported in this fund is used only for their intended purpose and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

**Net Position** – The District’s *combined* net position was \$26,381,501 on June 30, 2022. This was an increase of \$16,353,338 from the prior year.

	2022	2021
<b>Assets</b>		
Current and other assets	\$ 80,143,674	\$ 71,586,808
Restricted assets	8,097,234	8,319,077
Capital assets, net of depreciation/amortization	268,028,954	272,968,843
Total assets	\$ 356,269,862	\$ 352,874,728
<b>Deferred outflows of resources</b>		
OPEB plan deferments	\$ 706,514	\$ 672,079
Pension plan deferments	28,420,597	34,564,348
Total deferred outflows of resources	\$ 29,127,111	\$ 35,236,427
<b>Liabilities</b>		
Long-term liabilities	\$ 239,250,356	\$ 279,695,913
Other liabilities	12,779,241	13,492,334
Total liabilities	\$ 252,029,597	\$ 293,188,247
<b>Deferred inflows of resources</b>		
Property taxes levied for subsequent year	\$ 34,788,592	\$ 33,916,819
OPEB plan deferments	202,383	254,017
Deferred gain on refunding	1,217,547	704,220
Pension plan deferments	70,777,353	50,019,689
Total deferred inflows of resources	\$ 106,985,875	\$ 84,894,745
<b>Net position</b>		
Net investment in capital assets	\$ 86,880,033	\$ 81,369,496
Restricted	7,530,505	3,555,403
Unrestricted	(68,029,037)	(74,896,736)
Total net position	\$ 26,381,501	\$ 10,028,163

The District’s financial position is the product of many factors. For example, the determination of the District’s net investment in capital assets involves many assumptions and estimates, such as current and accumulated depreciation/amortization amounts. A conservative versus liberal approach to depreciation/amortization estimates, as well as capitalization policies, will produce a significant difference in the calculated amounts. The other major factor in determining net position as compared to fund balances, is the liability for long-term severance, pension, and OPEB, which impact the unrestricted portion of net position.

The change in the District’s share of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans contributed to the change in deferred outflows of resources, long-term liabilities, and deferred inflows of resources.

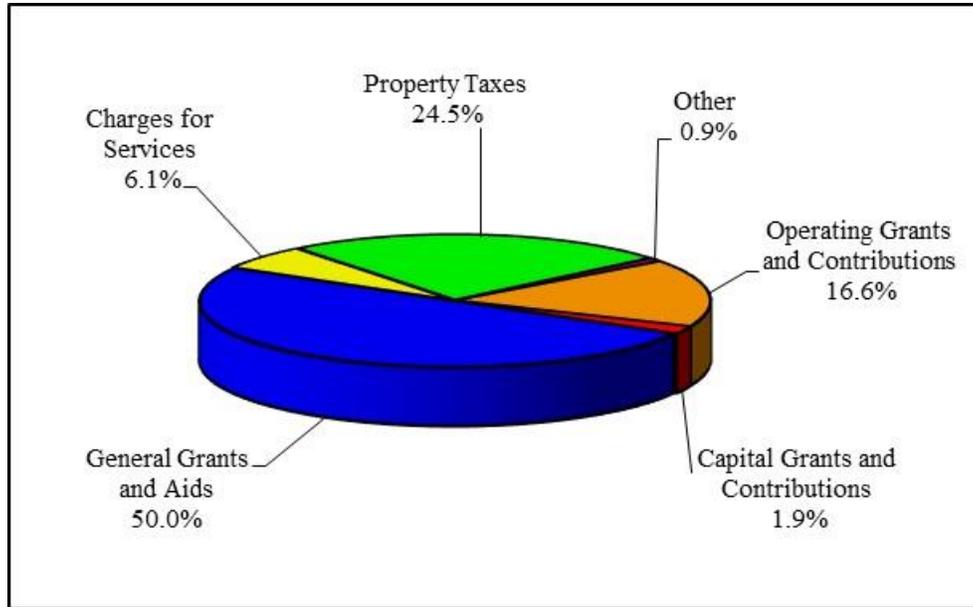
**Table 2**  
**Summary Statement of Activities**  
**for the Years Ended June 30, 2022 and 2021**

	2022	2021
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 8,816,947	\$ 4,519,233
Operating grants and contributions	23,783,638	21,313,068
Capital grants and contributions	2,661,509	1,455,867
General revenues		
Property taxes	35,190,233	33,937,861
General grants and aids	71,872,464	70,014,254
Other	1,227,950	1,016,910
Total revenues	143,552,741	132,257,193
<b>Expenses</b>		
Administration	3,511,244	3,676,683
District support services	4,685,777	4,428,511
Elementary and secondary regular instruction	57,576,955	58,810,417
Vocational education instruction	815,760	764,726
Special education instruction	18,814,402	20,176,660
Instructional support services	7,551,744	7,184,312
Pupil support services	9,113,714	8,820,103
Sites and buildings	7,827,861	10,351,769
Fiscal and other fixed cost programs	597,897	504,918
Food service	5,400,744	4,053,509
Community service	5,810,186	5,885,971
Interest and fiscal charges	5,493,119	4,494,895
Total expenses	127,199,403	129,152,474
Change in net position	16,353,338	3,104,719
<b>Net position</b>		
Beginning of year	10,028,163	6,923,444
End of year	\$ 26,381,501	\$ 10,028,163

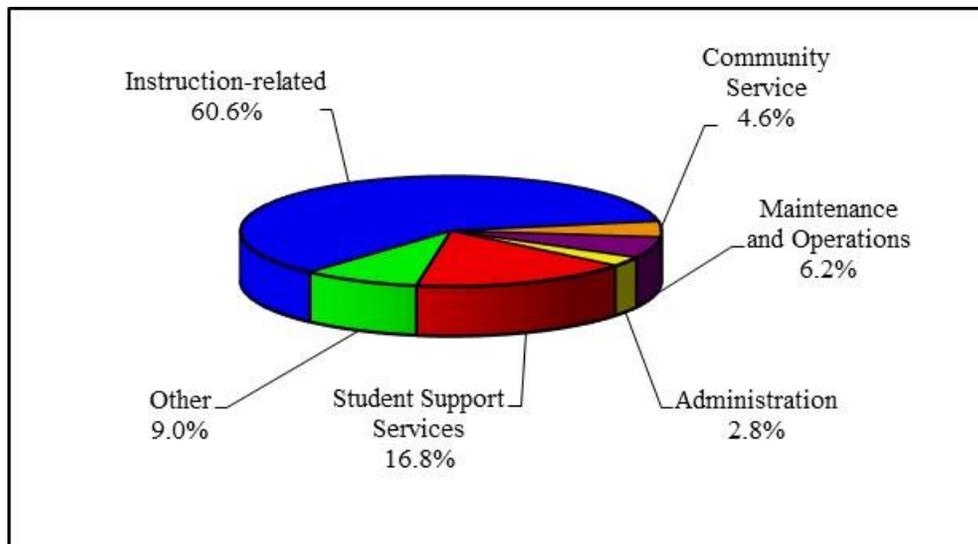
**Change in Net Position** – The District’s total revenues were \$143,552,741 for the year ended June 30, 2022. Property taxes and general grants and aids accounted for 74.5 percent of total revenue for the year. Charges for services increased, mainly as the result of increases in food service meal sales and community service revenue. Increases in meal sales were due to more students in the building. Community service revenue increased, due to the ability of the District to offer programs and services to stakeholders, which were halted in the prior year, due to COVID-19.

The total cost of all programs and services was \$127,199,403. The District’s expenses are predominantly related to educating and caring for students (77.4 percent). The administrative activities of the District accounted for 2.8 percent of total cost.

**Figure A – Sources of Revenues for Fiscal Year 2022**



**Figure B – Expenses for Fiscal Year 2022**



- The cost of all *governmental* activities for fiscal year 2022 was \$127,199,403.
- Some of the cost, \$8,816,947, was paid by the users of the District’s programs. The majority of this category comes from food service meal sales and community education class tuition.
- The federal and state governments subsidized certain programs with operating grants and contributions of \$23,783,638 and capital grants and contributions of \$2,661,509.
- Most of the District’s costs were paid for by district taxpayers and the taxpayers of our state through general revenues totaling \$108,290,647. This portion of governmental activities was paid for with \$35,190,233 in property taxes and \$71,872,464 of state aid based on the state-wide education aid formula.

**Table 3**  
**Net Cost of Governmental Activities**

	Total Cost of Services		Total Percent Change 2021–2022	Net Cost of Services		Total Percent Change 2021–2022
	2022	2021		2022	2021	
Administration	\$ 3,511,244	\$ 3,676,683	(4.5%)	\$ 3,511,244	\$ 3,676,683	(4.5%)
District support services	4,685,777	4,428,511	5.8%	4,260,893	4,361,955	(2.3%)
Elementary and secondary regular instruction	57,576,955	58,810,417	(2.1%)	54,674,133	56,549,697	(3.3%)
Vocational education instruction	815,760	764,726	6.7%	811,999	757,011	7.3%
Special education instruction	18,814,402	20,176,660	(6.8%)	3,449,813	7,157,268	(51.8%)
Instructional support services	7,551,744	7,184,312	5.1%	7,546,270	7,182,699	5.1%
Pupil support services	9,113,714	8,820,103	3.3%	8,413,169	8,359,310	0.6%
Sites and buildings	7,827,861	10,351,769	(24.4%)	4,991,395	8,678,152	(42.5%)
Fiscal and other fixed cost programs	597,897	504,918	18.4%	597,897	504,918	18.4%
Food service	5,400,744	4,053,509	33.2%	(1,185,607)	(1,059,133)	11.9%
Community service	5,810,186	5,885,971	(1.3%)	(627,016)	1,200,851	(152.2%)
Interest and fiscal charges	5,493,119	4,494,895	22.2%	5,493,119	4,494,895	22.2%
<b>Total</b>	<b>\$ 127,199,403</b>	<b>\$ 129,152,474</b>	<b>(1.5%)</b>	<b>\$ 91,937,309</b>	<b>\$ 101,864,306</b>	<b>(9.7%)</b>

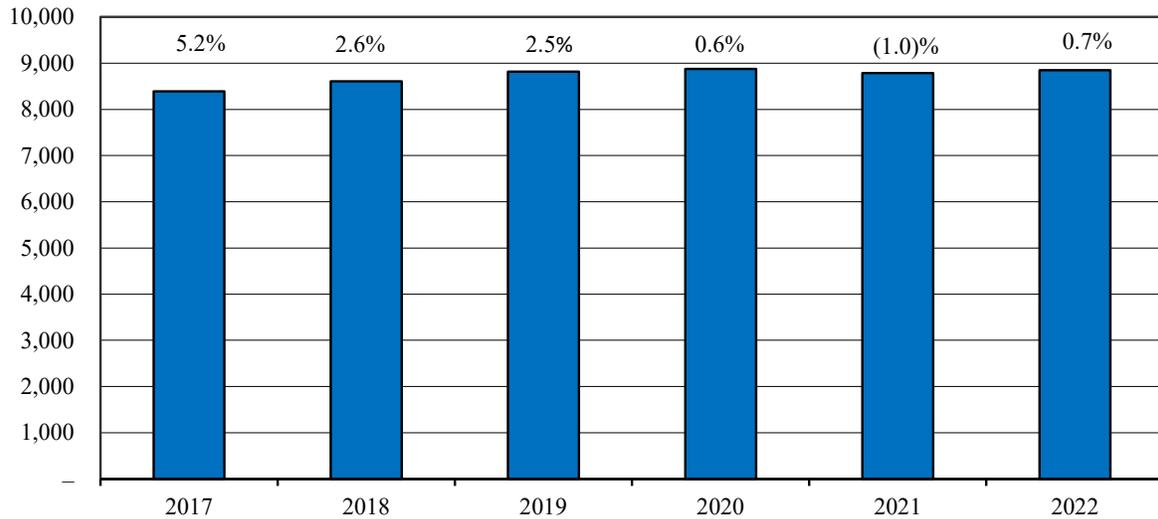
## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported a *combined* fund balance of \$28,302,295, an increase from last year's ending fund balance of \$20,923,792, or 35.3 percent. This is primarily due to the increase in the fund balance of the General Fund totaling \$5,830,091.

### GENERAL FUND

The General Fund is used to account for all revenues and expenditures of the District, not accounted for elsewhere. The General Fund includes the primary operations of the District in providing educational services to students from pre-kindergarten through Grade 12 educational activities, district instructional and student support programs, pupil transportation, administration, extracurricular activities, and capital outlay projects.

Enrollment is a critical factor in determining revenue. Over the last five years, the District’s enrollment has increased an average of 1.1 percent and has seen an increase in the current year of 0.7 percent. The following graph shows the number of total students by year and the percentage change in the number of students over the prior year:



The following table is a schedule of operating results for the General Fund for the year ended June 30, 2022:

<b>General Fund Operating Results</b>					
	2022 Actual	Over (Under) Final Budget		Over (Under) Prior Year	
		Amount	Percent	Amount	Percent
Revenue	\$ 112,879,190	\$ 2,287,337	2.1%	\$ 7,654,677	7.3%
Expenditures	107,755,132	(5,003,718)	(4.4%)	\$ (466,930)	(0.4%)
Net change in fund balances	5,124,058	7,291,055			
Other financing sources	706,033	706,033	100.0%	\$ -	100.0%
Net change in fund balances	<u>\$ 5,830,091</u>	<u>\$ 7,997,088</u>			

In fiscal year 2022, General Fund expenditures were less than revenue and other financing sources by \$5,830,091. Total fund balance increased to \$22,015,046 at June 30, 2022. After deducting nonspendable, assigned and restricted amounts, the unassigned fund balance increased from \$7,826,956 at June 30, 2021 to \$11,330,652 at June 30, 2022.

The assigned and unassigned fund balance of \$18,663,494 at June 30, 2022 represents 17.3 percent of annual expenditures, or nine weeks of operations. The District has a fund balance policy that states the District will strive to maintain a minimum total unassigned and assigned General Fund balance of 8.0 percent to 12.0 percent of the annual budget.

The following schedule presents a summary of General Fund revenues:

	Year Ended June 30,		Change	Percent Increase (Decrease)
	2022	2021		
Local sources				
Property taxes	\$ 18,466,543	\$ 17,993,638	\$ 472,905	2.6%
Investment earnings	(116,962)	12,964	(129,926)	(1,002.2%)
Other	2,532,002	1,736,739	795,263	45.8%
State sources	87,368,960	81,587,153	5,781,807	7.1%
Federal sources	4,628,647	3,894,019	734,628	18.9%
Total General Fund revenue	<u>\$ 112,879,190</u>	<u>\$ 105,224,513</u>	<u>\$ 7,654,677</u>	7.3%

Total General Fund revenue increased by \$7,654,677, or 7.3 percent, in fiscal year 2022 compared with fiscal year 2021. Basic general education revenue is determined by a state per student funding formula. Other state-authorized revenue, including the excess levy referendum, 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 change in revenue. Revenue increases in the current year were mainly in state sources as both general education and state special education aid increased as a result of increases in the number of students and increases in the formula.

The following schedule presents a summary of General Fund expenditures:

	Year Ended June 30,		Change	Percent Increase (Decrease)
	2022	2021		
Salaries	\$ 61,302,424	\$ 59,293,789	\$ 2,008,635	3.4%
Employee benefits	24,576,629	23,724,505	852,124	3.6%
Purchased services	12,933,351	12,463,132	470,219	3.8%
Supplies, materials, and equipment	8,460,658	12,269,634	(3,808,976)	(31.0%)
Other expenditures	482,070	471,002	11,068	2.3%
Total expenditures	<u>\$ 107,755,132</u>	<u>\$ 108,222,062</u>	<u>\$ (466,930)</u>	(0.4%)

Total General Fund expenditures decreased \$466,930, or 0.4 percent, from the previous year.

In fiscal year 2022, salaries increased 3.4 percent and employee benefits increased 3.6 percent. The increase in salaries and benefits is attributed to employee contract improvements.

Supplies, materials, and equipment decreased by \$3,808,976 from the prior year. The decrease is mainly due to reduction in the needs in this area as projected in the District's budget.

## **General Fund Budgetary Highlights**

Over the course of the year, the District revises the annual operating budget in December and if necessary, one other time during the fiscal year. The budget amendments fall into the following categories:

- Updating budgets, due to changes in enrollment as of October 1.
- Implementing budgets for specially funded projects, which include both federal and state grants; and reinstating prior year budget carried over.
- Changes in appropriations for significant unbudgeted costs.

While the District's final budget for the General Fund anticipated that expenditures would exceed revenues by \$2,166,997, reducing fund balance, the actual results for the year show an increase of \$5,830,091.

General Fund revenues were over budget by \$2,287,337, mainly in state sources as state special education state aid exceeded revenue projections.

Actual expenditures were \$5,003,718 under budget, or a 4.4 percent variance. Salaries and benefits were under budget by \$1,899,003, mainly in costs for severance, quality compensation (Q-Comp) plan costs, and paraprofessional expenditures related to unfilled positions in the current year. Purchased services were less than budget by \$1,199,797, mainly in costs related to professional development. Supplies and materials were under budget by \$1,706,642, mainly for regular instruction and sites and building-related costs.

## **FOOD SERVICE SPECIAL REVENUE FUND**

Revenues exceeded expenditures in the Food Service Special Revenue Fund by \$1,120,725. This exceeded budgeted expectations by \$1,323,191. Other revenue, which included meal sales, exceeded budgeted projections by \$595,758, due to higher-than-expected participation. Federal revenues exceeded budget projections by \$362,092, due to unanticipated meal rate reimbursement increase. Expenditures were under budget by \$552,395, mainly in supplies and material and capital-related expenditures totaling \$278,271, and \$365,632, respectively.

## **COMMUNITY SERVICE SPECIAL REVENUE FUND**

The Community Service Special Revenue Fund had revenue exceeding expenditures by \$1,051,387 in fiscal 2022, exceeding budget projections by \$637,041. Revenue exceeded budget projections by \$373,736, as program revenue was higher than anticipated. Expenditures were less than budget by \$263,305, mainly for salaries and benefits from unfilled positions.

## **CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND**

The Capital Projects – Building Construction Fund balance decreased by \$744,728, resulting in a fund balance of \$10,412 at June 30, 2022. The decrease is due to a planned spend-down of funds to build new buildings and additions after the passing of the referendum in 2017.

## **DEBT SERVICE FUND**

The Debt Service Fund revenues and other financing sources exceeded expenditures and other financing sources by \$121,028. The remaining fund balance of \$2,250,792 at June 30, 2022 is available for meeting future debt service obligations.

## INTERNAL SERVICE FUNDS

### Self-Insurance Fund

During fiscal year 2022, the District operated a Self-Insurance Internal Service Fund. This fund accounts for the District's self-insured medical and dental insurance program. Net position in this fund increased \$739,913, resulting in a net position of \$5,967,312 at June 30, 2022. Health insurance premium rate increases outpaced increases in insurance claim payments in the current year.

### OPEB Fund

The Other Post-Employment Benefits Internal Service Fund was established to fund OPEB. This trust fund was established to provide a source of funds to finance current and future benefit obligations to employees. On June 30, 2022, this fund had a deficit net position of (\$5,542,261). The most recent independent actuarial study dated June 30, 2022, computed the present value of these benefits. The long-term liability represents total OPEB pension benefit obligations based on actuarial estimates. The District develops a strategy for funding this post-employment benefit liability. This funding is built into the ongoing annual budget. This plan includes a plan for how the District plans to avoid future reductions of regular programming that would be necessary to pay for these post-employment benefits.

## CAPITAL ASSETS, DEBT ADMINISTRATION, AND LONG-TERM LIABILITIES

### Capital Assets

By the end of fiscal year 2022, the District had invested \$267,659,111 in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices (see Table 4). The change in capital assets for leased buildings and equipment relate to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* implemented in the current year. More detailed information about capital assets and the implementation of this accounting standard can be found in the notes to basic financial statements. Total depreciation expense for the year was \$8,517,151.

	2022	2021	Total Percent Change
Land	\$ 12,483,938	\$ 12,489,679	–
Land improvements	5,517,778	4,805,971	14.8%
Buildings	316,040,858	309,585,913	2.1%
Furniture and equipment	26,382,557	25,348,423	4.1%
Financed purchases	11,918,404	–	100.0%
Leased equipment	1,308,238	–	100.0%
Construction in progress	23,895	14,904,509	(99.8%)
Less accumulated depreciation/amortization	<u>(105,646,714)</u>	<u>(94,165,652)</u>	12.2%
Total	<u>\$ 268,028,954</u>	<u>\$ 272,968,843</u>	(1.8%)

## Debt Administration

At June 30, 2022, the District had bonded debt of \$174,265,000. Under current state statutes, the District's general obligation bonded debt issuances are subject to a legal limitation equal to 15 percent of the actual value of all taxable property within the District. The District is within its legal authority for bonded debt.

## Long-Term Liabilities

	2022	2021	Total Percent Change
General obligation bonds	\$ 174,265,000	\$ 187,870,000	(7.2%)
Unamortized premiums (discounts) on debt issued	(2,476,998)	(3,967,521)	(37.6%)
Financed purchases payable	7,067,496	7,944,317	(11.0%)
Lease liability	1,075,876	-	100.0%
Net pension liability	44,165,947	73,558,802	(40.0%)
Total pension liability	179,256	332,292	(46.1%)
Total OPEB obligation	14,143,626	13,085,735	8.1%
Compensated absences payable	830,153	872,288	(4.8%)
Total	<u>\$ 239,250,356</u>	<u>\$ 279,695,913</u>	(14.5%)

More detailed information about the District's long-term liabilities is presented in the notes to basic financial statements. The change in long-term liabilities for leases relate to the implementation of GASB Statement No. 87, *Leases* implemented in the current year.

## FACTORS BEARING ON THE DISTRICT'S FUTURE

The general education program is the method by which the District receives the majority of their financial support. The Legislature has added \$135, or 2.00 percent, per pupil to the formula for fiscal year 2023.

Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs, due to increased costs from inflation and required mandates. The District will strive to maintain its long-standing commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility. The District will continue to use the long-range financial model and annual budget framework to ensure that expenditures are aligned with revenues. Efforts will continue to be made to influence legislators to recommit to their financial support for public education.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT TEAM

This ACFR is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Independent School District No. 719, 4540 Tower Street SE, Prior Lake, Minnesota 55372.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 719

Statement of Net Position  
as of June 30, 2022  
(With Partial Comparative Information as of June 30, 2021)

	Total Governmental Activities	
	2022	2021
<b>Assets</b>		
Cash and temporary investments	\$ 50,865,692	\$ 44,586,506
Receivables		
Current taxes	17,282,437	16,828,103
Delinquent taxes	144,133	126,300
Accounts and interest	126,760	415,153
Due from other governmental units	11,331,905	9,226,723
Inventory	300,938	161,331
Prepays	91,809	242,692
Restricted assets – temporarily restricted		
Cash and investments for OPEB	8,097,234	8,319,077
Capital assets		
Not depreciated/amortized	12,507,833	27,394,188
Depreciated, net of accumulated depreciation/amortization	255,521,121	245,574,655
Capital assets, net	<u>268,028,954</u>	<u>272,968,843</u>
Total assets	356,269,862	352,874,728
Deferred outflows of resources		
OPEB plan deferments	706,514	672,079
Pension plan deferments	28,420,597	34,564,348
Total deferred outflows of resources	<u>29,127,111</u>	<u>35,236,427</u>
Total assets and deferred outflows of resources	<u>\$ 385,396,973</u>	<u>\$ 388,111,155</u>
<b>Liabilities</b>		
Salaries payable	\$ 5,042,867	\$ 4,839,982
Accounts and contracts payable	2,913,049	3,745,480
Due to other governmental units	54,906	54,456
Unearned revenue	2,930,520	2,752,580
Accrued interest payable	1,837,899	2,099,836
Long-term liabilities		
Due within one year	15,007,408	14,226,528
Due in more than one year	224,242,948	265,469,385
Total long-term liabilities	<u>239,250,356</u>	<u>279,695,913</u>
Total liabilities	252,029,597	293,188,247
Deferred inflows of resources		
Property taxes levied for subsequent year	34,788,592	33,916,819
OPEB plan deferments	202,383	254,017
Deferred gain on refunding	1,217,547	704,220
Pension plan deferments	70,777,353	50,019,689
Total deferred inflows of resources	<u>106,985,875</u>	<u>84,894,745</u>
Net position		
Net investment in capital assets	86,880,033	81,369,496
Restricted for		
Capital asset acquisition	1,142,934	101,968
Debt service	477,832	88,108
Food service	2,650,299	1,529,574
Community service	1,378,283	531,678
Other purposes (state funding restrictions)	1,881,157	1,304,075
Unrestricted	<u>(68,029,037)</u>	<u>(74,896,736)</u>
Total net position	<u>26,381,501</u>	<u>10,028,163</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 385,396,973</u>	<u>\$ 388,111,155</u>

INDEPENDENT SCHOOL DISTRICT NO. 719

Statement of Activities  
 Year Ended June 30, 2022  
 (With Partial Comparative Information for the Year Ended June 30, 2021)

Functions/Programs	2022				2021	
	Expenses	Program Revenues			Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position	Revenue and Changes in Net Position
				Governmental Activities	Governmental Activities	
Governmental activities						
Administration	\$ 3,511,244	\$ -	\$ -	\$ -	\$ (3,511,244)	\$ (3,676,683)
District support services	4,685,777	-	424,884	-	(4,260,893)	(4,361,955)
Elementary and secondary regular instruction	57,576,955	1,004,811	1,898,011	-	(54,674,133)	(56,549,697)
Vocational education instruction	815,760	-	3,761	-	(811,999)	(757,011)
Special education instruction	18,814,402	356,681	15,007,908	-	(3,449,813)	(7,157,268)
Instructional support services	7,551,744	4,724	750	-	(7,546,270)	(7,182,699)
Pupil support services	9,113,714	147,768	552,777	-	(8,413,169)	(8,359,310)
Sites and buildings	7,827,861	-	174,957	2,661,509	(4,991,395)	(8,678,152)
Fiscal and other fixed cost programs	597,897	-	-	-	(597,897)	(504,918)
Food service	5,400,744	2,128,842	4,457,509	-	1,185,607	1,059,133
Community service	5,810,186	5,174,121	1,263,081	-	627,016	(1,200,851)
Interest and fiscal charges	5,493,119	-	-	-	(5,493,119)	(4,494,895)
<b>Total governmental activities</b>	<b>\$ 127,199,403</b>	<b>\$ 8,816,947</b>	<b>\$ 23,783,638</b>	<b>\$ 2,661,509</b>	<b>(91,937,309)</b>	<b>(101,864,306)</b>
General revenues						
Taxes						
Property taxes, levied for general purposes					18,477,294	17,977,556
Property taxes, levied for community service					632,227	563,665
Property taxes, levied for debt service					16,080,712	15,396,640
General grants and aids					71,872,464	70,014,254
Other general revenues					1,194,798	581,053
Investment earnings					33,152	435,857
Total general revenues					<u>108,290,647</u>	<u>104,969,025</u>
Change in net position					16,353,338	3,104,719
Net position – beginning of year					<u>10,028,163</u>	<u>6,923,444</u>
Net position – ending					<u>\$ 26,381,501</u>	<u>\$ 10,028,163</u>

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FUND FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 719

Balance Sheet  
 Governmental Funds  
 as of June 30, 2022  
 (With Partial Comparative Information as of June 30, 2021)

	General	Food Service Special Revenue	Community Service Special Revenue
	<u>General</u>	<u>Food Service Special Revenue</u>	<u>Community Service Special Revenue</u>
<b>Assets</b>			
Cash and temporary investments	\$ 25,096,056	\$ 2,657,651	\$ 2,105,037
Receivables			
Current taxes	8,944,152	–	338,905
Delinquent taxes	76,657	–	2,537
Accounts and interest	17,957	14,913	74,915
Due from other governmental units	10,977,912	167,992	123,810
Inventory	250,054	50,884	–
Prepays	87,819	3,990	–
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 45,450,607</u>	<u>\$ 2,895,430</u>	<u>\$ 2,645,204</u>
<b>Liabilities</b>			
Salaries and benefits payable	\$ 5,037,134	\$ 1,979	\$ 3,754
Accounts and contracts payable	625,992	24,149	102,159
Due to other governmental units	54,906	–	–
Unearned revenue	172,980	219,003	454,010
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	5,891,012	245,131	559,923
<b>Deferred inflows of resources</b>			
Property taxes levied for subsequent year	17,467,892	–	706,998
Unavailable revenue – delinquent taxes	76,657	–	2,537
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total deferred inflows of resources	17,544,549	–	709,535
<b>Fund balances</b>			
Nonspendable	337,873	54,874	–
Restricted	3,013,679	2,595,425	1,375,746
Assigned	7,332,842	–	–
Unassigned	11,330,652	–	–
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances	22,015,046	2,650,299	1,375,746
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 45,450,607</u>	<u>\$ 2,895,430</u>	<u>\$ 2,645,204</u>

Capital Projects – Building Construction	Debt Service	Total Governmental Activities	
		2022	2021
\$ 82,400	\$ 10,802,923	\$ 40,744,067	\$ 36,247,022
–	7,999,380	17,282,437	16,828,103
–	64,939	144,133	126,300
–	–	107,785	178,659
–	62,191	11,331,905	9,226,723
–	–	300,938	161,331
–	–	91,809	242,692
<u>\$ 82,400</u>	<u>\$ 18,929,433</u>	<u>\$ 70,003,074</u>	<u>\$ 63,010,830</u>
\$ –	\$ –	\$ 5,042,867	\$ 4,839,982
71,988	–	824,288	2,415,362
–	–	54,906	54,456
–	–	845,993	734,119
<u>71,988</u>	<u>–</u>	<u>6,768,054</u>	<u>8,043,919</u>
–	16,613,702	34,788,592	33,916,819
–	64,939	144,133	126,300
<u>–</u>	<u>16,678,641</u>	<u>34,932,725</u>	<u>34,043,119</u>
–	–	392,747	404,023
10,412	2,250,792	9,246,054	6,526,179
–	–	7,332,842	6,389,482
–	–	11,330,652	7,604,108
<u>10,412</u>	<u>2,250,792</u>	<u>28,302,295</u>	<u>20,923,792</u>
<u>\$ 82,400</u>	<u>\$ 18,929,433</u>	<u>\$ 70,003,074</u>	<u>\$ 63,010,830</u>

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INDEPENDENT SCHOOL DISTRICT NO. 719

Reconciliation of the Balance Sheet to the  
Statement of Net Position  
Governmental Funds  
as of June 30, 2022

(With Partial Comparative Information as of June 30, 2021)

	<u>2022</u>	<u>2021</u>
Total fund balances – governmental funds	\$ 28,302,295	\$ 20,923,792
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	373,675,668	367,134,495
Accumulated depreciation/amortization	(105,646,714)	(94,165,652)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt issuance premiums and discounts are excluded from net position until amortized, but are included in fund balances upon issuance as other financing sources and uses.		
General obligation bonds	(174,265,000)	(187,870,000)
Financed purchases	(7,067,496)	(7,944,317)
Lease liability	(1,075,876)	–
(Premium) discounts on bonds	2,476,998	3,967,521
Net pension liability	(44,165,947)	(73,558,802)
Total pension liability	(179,256)	(332,292)
Compensated absences payable	(830,153)	(872,288)
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.	(1,837,899)	(2,099,836)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.	425,051	878,803
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plans	28,420,597	34,564,348
Deferred inflows of resources – pension plans	(70,777,353)	(50,019,689)
Deferred inflows of resources – deferred gain on refunding	(1,217,547)	(704,220)
Deferred inflows of resources – delinquent property taxes	144,133	126,300
Total net position – governmental activities	<u>\$ 26,381,501</u>	<u>\$ 10,028,163</u>

INDEPENDENT SCHOOL DISTRICT NO. 719

Statement of Revenue, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 Year Ended June 30, 2022  
 (With Partial Comparative Information for the Year Ended June 30, 2021)

	General	Food Service Special Revenue	Community Service Special Revenue
	<u>General</u>	<u>Food Service Special Revenue</u>	<u>Community Service Special Revenue</u>
Revenue			
Local sources			
Property taxes	\$ 18,466,543	\$ —	\$ 631,904
Investment earnings (losses)	(116,962)	4,223	3,476
Other	2,532,002	2,128,842	5,174,121
State sources	87,368,960	190,158	1,263,081
Federal sources	4,628,647	4,267,351	—
Total revenue	<u>112,879,190</u>	<u>6,590,574</u>	<u>7,072,582</u>
Expenditures			
Current			
Administration	3,577,568	—	—
District support services	4,940,543	—	—
Elementary and secondary regular instruction	51,495,485	—	—
Vocational education instruction	825,804	—	—
Special education instruction	19,199,554	—	—
Instructional support services	7,764,547	—	—
Pupil support services	9,192,927	—	—
Sites and buildings	8,898,820	—	—
Fiscal and other fixed cost programs	597,897	—	—
Food service	—	5,469,849	—
Community service	—	—	6,021,195
Capital outlay	—	—	—
Debt service			
Principal	1,042,187	—	—
Interest and fiscal charges	219,800	—	—
Total expenditures	<u>107,755,132</u>	<u>5,469,849</u>	<u>6,021,195</u>
Excess (deficiency) of revenue over expenditures	5,124,058	1,120,725	1,051,387
Other financing sources (uses)			
Issuance of lease	706,033	—	—
Refunding bonds issued	—	—	—
Premium on bonds issued	—	—	—
Payments on refunded debt	—	—	—
Total other financing sources (uses)	<u>706,033</u>	<u>—</u>	<u>—</u>
Net change in fund balances	5,830,091	1,120,725	1,051,387
Fund balances			
Beginning of year	<u>16,184,955</u>	<u>1,529,574</u>	<u>324,359</u>
End of year	<u>\$ 22,015,046</u>	<u>\$ 2,650,299</u>	<u>\$ 1,375,746</u>

Capital Projects – Building Construction	Debt Service	Total Governmental Funds	
		2022	2021
\$ –	\$ 16,073,953	\$ 35,172,400	\$ 33,968,089
–	25,526	(83,737)	277,209
165,114	–	10,000,079	5,328,850
–	622,746	89,444,945	83,338,346
–	–	8,895,998	8,987,715
<u>165,114</u>	<u>16,722,225</u>	<u>143,429,685</u>	<u>131,900,209</u>
–	–	3,577,568	3,422,971
–	–	4,940,543	5,643,134
–	–	51,495,485	48,087,571
–	–	825,804	707,129
–	–	19,199,554	18,783,076
–	–	7,764,547	7,533,434
–	–	9,192,927	8,537,288
–	–	8,898,820	13,905,920
–	–	597,897	504,918
–	–	5,469,849	4,974,444
–	–	6,021,195	5,736,941
909,842	–	909,842	13,915,667
–	11,810,000	12,852,187	11,641,497
–	4,900,118	5,119,918	5,675,016
<u>909,842</u>	<u>16,710,118</u>	<u>136,866,136</u>	<u>149,069,006</u>
(744,728)	12,107	6,563,549	(17,168,797)
–	–	706,033	–
–	12,540,000	12,540,000	–
–	1,903,921	1,903,921	–
–	(14,335,000)	(14,335,000)	–
<u>–</u>	<u>108,921</u>	<u>814,954</u>	<u>–</u>
(744,728)	121,028	7,378,503	(17,168,797)
<u>755,140</u>	<u>2,129,764</u>	<u>20,923,792</u>	<u>38,092,589</u>
<u>\$ 10,412</u>	<u>\$ 2,250,792</u>	<u>\$ 28,302,295</u>	<u>\$ 20,923,792</u>

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INDEPENDENT SCHOOL DISTRICT NO. 719

Reconciliation of the Statement of  
Revenue, Expenditures, and Changes in Fund Balances  
to the Statement of Activities  
Governmental Funds  
Year Ended June 30, 2022  
(With Partial Comparative Information for the Year Ended June 30, 2021)

	<u>2022</u>	<u>2021</u>
Total net change in fund balances – governmental funds	\$ 7,378,503	\$ (17,168,797)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	3,054,394	21,940,458
Depreciation/amortization expense	(8,298,654)	(7,750,561)
A (loss) on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.		
	(230,838)	
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
General obligation bonds payable	(12,540,000)	–
Lease liability	(706,033)	–
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.		
	(453,752)	(1,046)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds	26,145,000	10,790,000
Financed purchases	876,821	851,497
Lease liability	165,366	–
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.		
	261,937	(128,746)
Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.		
Premium on debt issued	(1,903,921)	–
Amortization	413,398	1,046,866
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Net pension liability	29,392,855	(11,012,656)
Total pension liability	153,036	12,635
Compensated absences payable	42,135	(214,260)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plans	(6,143,751)	(19,285,634)
Deferred inflows of resources – pension plans	(20,757,664)	23,793,190
Deferred inflows of resources – deferred gain on refunding	(513,327)	262,001
Certain revenues are included in the change in net position, but are excluded from the change in fund balances until they are available to liquidate liabilities of the current period.		
	<u>17,833</u>	<u>(30,228)</u>
Change in net position – governmental activities	<u>\$ 16,353,338</u>	<u>\$ 3,104,719</u>

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INDEPENDENT SCHOOL DISTRICT NO. 719

Statement of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 General Fund  
 Year Ended June 30, 2022

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
<b>Revenue</b>				
Local sources				
Property taxes	\$ 18,416,591	\$ 18,293,855	\$ 18,466,543	\$ 172,688
Investment earnings (losses)	50,000	10,000	(116,962)	(126,962)
Other	1,865,269	1,561,107	2,532,002	970,895
State sources	83,040,644	85,756,868	87,368,960	1,612,092
Federal sources	2,327,277	4,970,023	4,628,647	(341,376)
Total revenue	<u>105,699,781</u>	<u>110,591,853</u>	<u>112,879,190</u>	<u>2,287,337</u>
<b>Expenditures</b>				
Current				
Administration	3,556,876	3,615,536	3,577,568	(37,968)
District support services	5,340,507	5,371,126	4,940,543	(430,583)
Elementary and secondary regular instruction	49,846,724	52,390,526	51,495,485	(895,041)
Vocational education instruction	705,139	812,144	825,804	13,660
Special education instruction	19,318,349	19,457,706	19,199,554	(258,152)
Instructional support services	8,645,287	9,498,119	7,764,547	(1,733,572)
Pupil support services	8,375,718	8,945,955	9,192,927	246,972
Sites and buildings	10,756,240	10,362,385	8,898,820	(1,463,565)
Fiscal and other fixed cost programs	1,000,000	1,000,000	597,897	(402,103)
Debt service				
Principal	876,822	1,085,553	1,042,187	(43,366)
Interest and fiscal charges	219,800	219,800	219,800	—
Total expenditures	<u>108,641,462</u>	<u>112,758,850</u>	<u>107,755,132</u>	<u>(5,003,718)</u>
Excess (deficiency) of revenue over expenditures	(2,941,681)	(2,166,997)	5,124,058	7,291,055
Other financing sources				
Issuance of lease	—	—	706,033	706,033
Net change in fund balances	<u>\$ (2,941,681)</u>	<u>\$ (2,166,997)</u>	<u>5,830,091</u>	<u>\$ 7,997,088</u>
Fund balances				
Beginning of year			<u>16,184,955</u>	
End of year			<u>\$ 22,015,046</u>	

INDEPENDENT SCHOOL DISTRICT NO. 719

Statement of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 Food Service Special Revenue Fund  
 Year Ended June 30, 2022

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
<b>Revenue</b>				
Local sources				
Investment earnings	\$ -	\$ -	\$ 4,223	\$ 4,223
Other – primarily meal sales	2,163,149	1,533,084	2,128,842	595,758
State sources	3,000	381,435	190,158	(191,277)
Federal sources	3,348,925	3,905,259	4,267,351	362,092
Total revenue	<u>5,515,074</u>	<u>5,819,778</u>	<u>6,590,574</u>	<u>770,796</u>
<b>Expenditures</b>				
Current				
Food service				
Salaries	1,847,574	1,772,458	1,767,796	(4,662)
Employee benefits	584,164	558,092	569,233	11,141
Purchased services	108,871	142,011	227,116	85,105
Supplies and materials	2,053,903	3,130,565	2,852,294	(278,271)
Other expenditures	1,503	5,503	5,427	(76)
Capital expenditures	893,000	413,615	47,983	(365,632)
Total expenditures	<u>5,489,015</u>	<u>6,022,244</u>	<u>5,469,849</u>	<u>(552,395)</u>
Net change in fund balances	<u>\$ 26,059</u>	<u>\$ (202,466)</u>	1,120,725	<u>\$ 1,323,191</u>
<b>Fund balances</b>				
Beginning of year			<u>1,529,574</u>	
End of year			<u>\$ 2,650,299</u>	

INDEPENDENT SCHOOL DISTRICT NO. 719

Statement of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 Community Service Special Revenue Fund  
 Year Ended June 30, 2022

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Property taxes	\$ 650,121	\$ 650,121	\$ 631,904	\$ (18,217)
Investment earnings	–	–	3,476	3,476
Other – primarily tuition and fees	5,153,118	4,786,734	5,174,121	387,387
State sources	1,250,559	1,261,991	1,263,081	1,090
Total revenue	<u>7,053,798</u>	<u>6,698,846</u>	<u>7,072,582</u>	<u>373,736</u>
Expenditures				
Current				
Community service				
Salaries	3,929,748	4,066,486	3,845,455	(221,031)
Employee benefits	1,121,587	1,082,221	1,014,807	(67,414)
Purchased services	1,013,365	782,186	930,951	148,765
Supplies and materials	400,609	302,599	210,784	(91,815)
Other expenditures	3,228	7,392	7,006	(386)
Capital expenditures	83,283	43,616	12,192	(31,424)
Total expenditures	<u>6,551,820</u>	<u>6,284,500</u>	<u>6,021,195</u>	<u>(263,305)</u>
Net change in fund balances	<u>\$ 501,978</u>	<u>\$ 414,346</u>	1,051,387	<u>\$ 637,041</u>
Fund balances				
Beginning of year			<u>324,359</u>	
End of year			<u>\$ 1,375,746</u>	

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INTERNAL SERVICE FUNDS

INDEPENDENT SCHOOL DISTRICT NO. 719

Statement of Net Position  
 Proprietary Fund  
 Governmental Activities  
 Internal Service Funds  
 as of June 30, 2022

(With Partial Comparative Information as of June 30, 2021)

	<u>2022</u>	<u>2021</u>
Assets		
Current assets		
Cash and temporary investments	\$ 10,121,625	\$ 8,339,484
Cash and investments held by trustee	8,097,234	8,319,077
Accounts and interest receivable	18,975	236,494
Total assets	<u>18,237,834</u>	<u>16,895,055</u>
Deferred outflows of resources		
OPEB plan deferments	706,514	672,079
Liabilities		
Current liabilities		
Claims payable	2,088,761	1,330,118
Unearned revenue	2,084,527	2,018,461
Total OPEB liability – due within one year	615,381	636,349
Long-term liabilities		
Total OPEB liability – due in more than one year	<u>13,528,245</u>	<u>12,449,386</u>
Total liabilities	<u>18,316,914</u>	<u>16,434,314</u>
Deferred inflows of resources		
OPEB plan deferments	<u>202,383</u>	<u>254,017</u>
Net position		
Unrestricted	<u>\$ 425,051</u>	<u>\$ 878,803</u>

INDEPENDENT SCHOOL DISTRICT NO. 719

Statement of Revenue, Expenses, and Changes in Net Position  
 Proprietary Fund  
 Governmental Activities  
 Internal Service Funds  
 Year Ended June 30, 2022  
 (With Partial Comparative Information for the Year Ended June 30, 2021)

	<u>2022</u>	<u>2021</u>
Operating revenue		
Charges for services		
Health insurance premiums	\$ 15,944,217	\$ 14,779,659
Dental insurance premiums	773,829	781,493
Other revenue	—	503,546
Total operating revenue	<u>16,718,046</u>	<u>16,064,698</u>
Operating expenses		
Health insurance claim payments	13,668,797	13,048,480
Dental insurance claim payments	892,215	772,268
General administration fees	1,402,945	1,243,796
OPEB	<u>1,324,730</u>	<u>1,159,848</u>
Total operating expenses	<u>17,288,687</u>	<u>16,224,392</u>
Operating income (loss)	(570,641)	(159,694)
Nonoperating revenue		
Investment earnings	<u>116,889</u>	<u>158,648</u>
Change in net position	(453,752)	(1,046)
Net position		
Beginning of year	<u>878,803</u>	<u>879,849</u>
End of year	<u>\$ 425,051</u>	<u>\$ 878,803</u>

INDEPENDENT SCHOOL DISTRICT NO. 719

Statement of Cash Flows  
 Proprietary Fund  
 Governmental Activities  
 Internal Service Funds  
 Year Ended June 30, 2022

(With Partial Comparative Information for the Year Ended June 30, 2021)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Health and dental insurance premiums	\$ 17,001,631	\$ 15,401,089
Other revenue	-	503,546
Payments for general administrative fees	(1,402,945)	(1,243,796)
Payments for medical and dental claims and fees	(13,802,369)	(13,835,405)
OPEB benefit payments	(352,908)	(302,948)
Net cash flows from operating activities	<u>1,443,409</u>	<u>522,486</u>
Cash flows from investing activities		
Investment income received	<u>116,889</u>	<u>158,648</u>
Net change in cash and cash equivalents	1,560,298	681,134
Cash and cash equivalents		
Beginning of year	<u>16,658,561</u>	<u>15,977,427</u>
End of year	<u><u>\$ 18,218,859</u></u>	<u><u>\$ 16,658,561</u></u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	\$ (570,641)	\$ (159,694)
Adjustments to reconcile operating income (loss) to cash flows from operating activities		
Changes in assets and liabilities		
Accounts receivable	217,519	(221,420)
Deferred outflows of resources	(34,435)	39,289
Claims payable	758,643	(14,657)
Unearned revenue	66,066	61,357
Total OPEB liability	1,057,891	703,013
Deferred inflows of resources	(51,634)	114,598
Net cash flows from operating activities	<u><u>\$ 1,443,409</u></u>	<u><u>\$ 522,486</u></u>
Cash and cash equivalents are reported on the Statement of Net Position as follows:		
Cash and temporary investments	\$ 10,121,625	\$ 8,339,484
Cash and investments held by trustee	<u>8,097,234</u>	<u>8,319,077</u>
Total cash and cash equivalents	<u><u>\$ 18,218,859</u></u>	<u><u>\$ 16,658,561</u></u>

FIDUCIARY FUNDS

INDEPENDENT SCHOOL DISTRICT NO. 719

Fiduciary Funds  
 Statement of Fiduciary Net Position  
 as of June 30, 2022

	<u>Other Employee Benefit Trust</u>	<u>Custodial</u>
Assets		
Cash and investments held by trustee	<u>\$ 3,452,837</u>	<u>\$ -</u>
Net position		
Restricted for other employee benefit trust	<u>\$ 3,452,837</u>	<u>\$ -</u>

INDEPENDENT SCHOOL DISTRICT NO. 719

Fiduciary Funds  
 Statement of Changes in Fiduciary Net Position  
 Year Ended June 30, 2022

	<u>Other Employee Benefit Trust</u>	<u>Custodial</u>
Additions		
District contributions	\$ 567,120	\$ -
Investment earnings	38,158	-
Donations	-	2,000
Total additions	<u>605,278</u>	<u>2,000</u>
Deductions		
Health benefit payments	10,258	-
Scholarships	-	2,000
Total deductions	<u>10,258</u>	<u>2,000</u>
Change in net position	595,020	-
Net position		
Beginning of year	<u>2,857,817</u>	<u>-</u>
End of year	<u><u>\$ 3,452,837</u></u>	<u><u>\$ -</u></u>

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# INDEPENDENT SCHOOL DISTRICT NO. 719

Notes to Basic Financial Statements  
June 30, 2022

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **A. Organization**

Independent School District No. 719, Prior Lake-Savage Area Schools (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District is governed by a School Board elected by voters of the District. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

### **B. Reporting Entity**

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

Component units are legally separate entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit.

Based on these criteria, there are no organizations considered to be component units of the District.

### **C. Government-Wide Financial Statement Presentation**

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The fiduciary funds are only reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position at the fund financial statement level. Generally, the effect of interfund activity has been removed from the government-wide financial statements.

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

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

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. For capital assets that can be specifically identified with, or allocated to functional areas, depreciation expense is included as a direct expense in the functional areas that utilize the related capital assets. Interest on debt is considered an indirect expense and is reported separately on the Statement of Activities.

### D. Fund Financial Statement Presentation

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

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

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

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

- 1. Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District generally considers revenues, including property taxes, to be available if they are collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to Minnesota Statutes (which include state aid funding formulas for specific years) and accounting principles generally accepted in the United States of America. Federal revenue is recorded in the year in which the related expenditure is made. Proceeds of long-term debt and acquisitions using leases are reported as other financing sources.
- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt, post-employment severance benefits, other post-employment health benefits, compensated absences, and net pension liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds.

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

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Description of Funds

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

### Major Governmental Funds

**General Fund** – The General Fund is used to account for all financial resources except those required to be accounted for in another fund. It includes the general operations and pupil transportation activities of the District, as well as the capital-related activities, such as maintenance of facilities, equipment purchases, health and safety projects, and disabled accessibility projects.

**Food Service Special Revenue Fund** – The Food Service Special Revenue Fund is used to account for food service revenues and expenditures.

**Community Service Special Revenue Fund** – The Community Service Special Revenue Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, adult or early childhood programs, pre-K–8 extended day programs, or other similar services.

**Capital Projects – Building Construction Fund** – The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities authorized by debt issue or levy issuance program.

**Debt Service Fund** – Debt service funds are used to account for the accumulation of resources for, and payment of, general obligation bonds, interest, and related costs.

### Proprietary Funds

**Internal Service Funds** – The internal service funds account for the financing of goods or services provided by one department to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The District has two internal service funds. The District's internal service funds include financing for self-insurance of the employee health and dental insurance programs and other post-employment benefits (OPEB) activity.

### Fiduciary Funds

**Other Employee Benefit Trust Fund** – The Other Employee Benefit Trust Fund is used to administer resources received and held by the District as the trustee for others, including the District's Health Reimbursement Arrangement Trust.

**Custodial Fund** – The Custodial Fund is used to administer scholarships received from the Laker Educational Foundation.

### E. Budgeting

The budget for each fund is prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund account level. The School Board adopts an annual budget for the following fiscal year for the General Fund, Food Service Special Revenue Fund, Community Service Special Revenue Fund, Capital Projects – Building Construction Fund, and Debt Service Fund. Budgeted expenditure appropriations lapse at year-end. Expenditures exceeded budgeted amounts in the Debt Service Fund by \$214,912.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **F. Cash and Investments**

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

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the internal service funds, trust accounts are established to finance future OPEB obligations. In the Other Employee Benefit Trust Fund, trust accounts are established for health-related reimbursements to employees. Interest earned on these investments was allocated directly to those accounts.

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

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

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

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

### **G. Receivables**

All receivables are shown, net of any allowance for uncollectibles. No allowances for uncollectibles have been recorded. The receivables not expected to be fully collected within one year are property taxes receivable.

### **H. Inventories**

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

### **I. Prepaid Items**

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

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **J. Property Taxes**

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

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the “tax shift,” which periodically changes the District’s recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year’s levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes \$1,154,680 of the property tax levy collectible in 2022 as revenue to the District in fiscal year 2022. The remaining portion of the taxes collectible in 2022 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

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

Taxes which remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is reported as a deferred inflow of resources (unavailable revenue) in the fund financial statements because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes is considered necessary.

### **K. 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. Leased capital assets are recorded based on the measurement of payments applicable to the lease term. The District maintains a threshold level of \$5,000 for equipment and vehicles and \$25,000 for building and improvements for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statements, but are not reported in the governmental fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 20 years for furniture and equipment. Leased assets are amortized over the term of the lease or over the useful life of the applicable asset class previously described, if future ownership is anticipated.

Capital assets not being depreciated include land and construction in progress.

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

### **L. Long-Term Obligations**

In the government-wide and proprietary fund 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.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

### **M. Vacation Pay**

Since teachers are not eligible for vacation pay and amounts accrued to other employees are insignificant, no vacation liabilities are recorded in the financial statements.

### **N. Sick Pay**

Substantially all district employees are entitled to sick leave at various rates. Unused sick leave enters into the calculation of post-employment severance and health benefits for some employees upon termination.

### **O. Early Retirement Incentive**

The District maintains various early retirement incentive payments plans for its employee groups. Each employee group contains benefit formulas based on years of service and/or minimum age requirements

### **P. Post-Employment Severance and Health Benefits**

The District maintains various severance and health benefit payment plans for its employee groups. The amount of severance and health benefit payment is calculated using balances in accrued sick leave and is based on years of service and retiree's age. All of the post-employment health benefits are based on contractual agreements with employee groups. These contractual agreements do not include any specific contribution or funding requirements.

The District has established a separate OPEB Internal Service Fund to account for the post-employment severance and health benefits. The benefits are funded as the liability is incurred on an actuarially determined basis. In addition to the funding of accumulated benefits already earned, the District's funding policy requires an annual contribution to the Internal Service Fund.

### **Q. State-Wide Pension Plans**

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

The TRA has a special funding situation created by direct aid contributions made by the state of Minnesota, City of Minneapolis, and Special School District No. 1, Minneapolis Public Schools. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association into the TRA in 2006. A second direct aid source is from the state of Minnesota for the merger of the Duluth Teachers Retirement Fund Association in 2015.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **R. Risk Management**

**General Insurance** – The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the District's insurance coverage in the current year.

**Self-Insurance** – The District has established an internal service fund to account for and finance its self-insured risk of loss for respective employee dental and health insurance plans. Under these plans, the internal service funds provide coverage to participating employees and their dependents for various healthcare and dental costs as described in the plans.

The District makes premium payments to this fund on behalf of program participants based on rates determined by insurance company estimates of monthly claims paid for each coverage class, plus the stop-loss insurance premium costs and administrative service charges.

### **S. Deferred Outflows/Inflows of Resources**

In addition to assets and liabilities, statements of financial position, or balance sheets, will sometimes report a separate section for deferred outflows or inflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) or inflow of financial resource (revenue) until then.

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

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

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

The District also reports deferred inflows of resources related to deferred gain on refunding in the government-wide Statement of Net Position. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### T. Statement of Cash Flows

For purposes of the Statement of Cash Flows, the District considers all highly liquid debt instruments with an original maturity from the time of purchase by the District of three months or less to be cash equivalents. The proprietary fund's equity in the government-wide cash and investment management pool is considered to be cash equivalent. The cash and investments held by trustee in the Post-Employment Benefits Revocable Trust Internal Service Fund are also considered a cash equivalent.

### U. Restricted Assets

Restricted assets are cash and cash equivalents and the related interest receivable whose use is limited by legal requirements, such as a bond indenture. Restricted assets are reported only in the government-wide financial statements. In the fund financial statements these assets have been reported as "cash and investments held by trustee" and the interest receivable is included within "accounts and interest receivable."

### V. Net Position

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

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

### W. Fund Balance Classifications

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

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by resolution of the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

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

When nonspendable, restricted, assigned, or unassigned resources are available for use, it is the District’s policy to use resources in the following order: 1) nonspendable, 2) restricted, 3) assigned, and 4) unassigned.

### **X. Minimum Fund Balance Policy**

The School Board has formally adopted a fund balance policy regarding maintaining a minimum fund balance for the General Fund. The policy states that the District will strive to maintain a minimum total unassigned and assigned General Fund balance of 8.0 to 12.0 percent of the annual budget (4–6 weeks of operating expenses). Deviation from the fund balance will be reviewed and addressed by the School Board. At June 30, 2022, the total assigned and unassigned fund balance of the General Fund was 17.3 percent of the fiscal 2022 General Fund expenditures.

### **Y. Use of Estimates**

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

### **Z. Prior Period Adjustment**

During the year ended June 30, 2022, the District reported a prior period adjustment in the reporting of capital assets. During the year, the District adjusted the reporting of capital assets to report those that were fully depreciated, but were still in use by the District. These assets were incorrectly written off in prior fiscal periods. The District also reclassified certain capital assets to properly reflect assets by category. The prior period adjustment resulted in no changes to fund balance and net position as of July 1, 2021. More information on this prior period adjustment can be found in Note 3 of the notes to the basic financial statements.

### **AA. Change in Accounting Principle**

During the year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*. This statement included major changes in recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Certain amounts necessary to fully restate fiscal year 2021 financial information are not determinable; therefore, prior year comparative amounts have not been restated. The implementation of the new GASB statement in the current year resulted in no change to net position as of July 1, 2021. More information on this change in accounting principle can be found in Note 3 and Note 4 of the notes to the basic financial statements.

## NOTE 2 – DEPOSITS AND INVESTMENTS

### A. Components of Cash and Investments

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

Deposits	\$ 3,272,959
Investments	59,142,604
Cash on hand	<u>200</u>
Total	<u><u>\$ 62,415,763</u></u>

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

Statement of Net Position	
Cash and temporary investments	\$ 50,865,692
Statement of Net Position – restricted assets – temporarily restricted	
Cash and investments for OPEB	8,097,234
Statement of Fiduciary Net Position – Other Employee Benefit Trust Fund	
Cash and investments held by trustee	<u>3,452,837</u>
Total	<u><u>\$ 62,415,763</u></u>

### B. Deposits

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

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

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

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

The District’s deposit policies do not further limit depository choices.

At year-end, the carrying amount of the District’s deposits was \$3,272,959, while the balance on the bank records was \$6,873,426. At June 30, 2022, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the District’s agent in the District’s name.

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

### C. Investments

The District has the following investments at year-end:

Investment Type	Credit Risk		Fair Value Measurements Using	Maturity Duration	Total
	Rating	Agency			
Guaranteed investment contracts	N/R	N/A	Amortized Cost	< 1 year	\$ 11,902,979
Investment pools/mutual funds					
MNTrust Investment Shares Portfolio					
Term Series	N/R	N/A	Amortized Cost	< 1 year	2,000,000
Limited Term Duration Series	N/R	N/A	Amortized Cost	N/A	13,110,367
Full Flex Series	N/R	N/A	Amortized Cost	N/A	7,510,570
Money Market Account	AAA	S&P	Amortized Cost	N/A	<u>24,618,688</u>
Total investments					<u>\$ 59,142,604</u>

N/R – Not Rated

N/A – Not Applicable

The amount in investment pools/mutual funds includes amounts invested in the MNTrust Investment Shares Portfolio (MNTrust), which is an external investment pool regulated by Minnesota Statutes not registered with the Securities and Exchange Commission. The District's investment in these funds is measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value.

MNTrust investments, excluding the Money Market Account, are intended to be held until maturity; a participant's withdrawal prior to maturity will require seven-days' notice of redemption and will likely carry a penalty, which could be substantial in that it would be intended to allow the MNTrust portfolio to recoup any associated penalties, charges, losses, or other costs associated with the early retirement of the investment therein.

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

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

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

The District’s investment policy further restricts investing in commercial paper to corporations with assets exceeding \$500,000,000 and are rated in the highest credit rating. The obligations cannot have a maturity longer than 150 days. The District’s portfolio is limited to 75 percent of commercial paper. The total investment in any one corporation cannot exceed 10 percent of the corporation outstanding obligations and cannot exceed \$10,000,000. The District’s investment policy also limits investments in interest bearing accounts to 90 percent of the portfolio and investments in commercial paper and repurchase agreements to 75 percent of the portfolio.

For assets held in the Post-Employment Benefits Revocable Trust Internal Service Fund, the investment options available to the District are expanded to include the investment types specified in Minnesota Statutes § 356A.06, Subd. 7. Minnesota Statutes authorize the Post-Employment Benefits Revocable Trust Internal Service Fund to invest in obligations of the U.S. treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the state of Minnesota or its municipalities, bankers’ acceptances, future contracts, corporate bonds, common stock and foreign stock of the highest quality, mutual funds, repurchase and reverse agreements, and commercial paper of the highest quality with a maturity no longer than 270 days and in the Minnesota State Board of Investments.

**Concentration Risk** – This is the risk associated with investing a significant portion of the District’s investments (considered 5.0 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District’s investment policy does not further address concentration risk. The District’s investment portfolio includes an investment in Guaranteed Investment Contracts with Mid-America totaling 20.1 percent of the overall portfolio.

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

## NOTE 3 – CAPITAL ASSETS

Capital assets and accumulated depreciation activity for the current year is as follows:

	Balance – Beginning of Year, as Previously Reported	Prior Period Adjustment	Change in Accounting Principle	Balance – Beginning of Year, as Restated	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated								
Land	\$ 12,489,679	\$ (5,741)	\$ –	\$ 12,483,938	\$ –	\$ –	\$ –	\$ 12,483,938
Construction in progress	14,904,509	(9,158,409)	–	5,746,100	–	–	(5,722,205)	23,895
Total capital assets, not depreciated	27,394,188	(9,164,150)	–	18,230,038	–	–	(5,722,205)	12,507,833
Capital assets, depreciated and amortized								
Land improvements	4,805,971	700,777	–	5,506,748	11,030	–	–	5,517,778
Buildings	309,585,913	10,673,272	(11,383,195)	308,875,990	1,673,501	(230,838)	5,722,205	316,040,858
Furniture and equipment	25,348,423	972,509	(602,205)	25,718,727	663,830	–	–	26,382,557
Financed purchases	–	–	11,918,404	11,918,404	–	–	–	11,918,404
Leased equipment	–	–	602,205	602,205	706,033	–	–	1,308,238
Total capital assets, depreciated and amortized	339,740,307	12,346,558	535,209	352,622,074	3,054,394	(230,838)	5,722,205	361,167,835
Less accumulated depreciation and amortization for								
Land improvements	(2,704,224)	(281,518)	–	(2,985,742)	(276,578)	–	–	(3,262,320)
Buildings	(75,592,059)	(1,115,185)	2,898,041	(73,809,203)	(5,987,757)	–	–	(79,796,960)
Furniture and equipment	(15,869,369)	(1,785,705)	255,937	(17,399,137)	(1,438,367)	–	–	(18,837,504)
Financed purchases	–	–	(2,898,041)	(2,898,041)	(565,842)	–	–	(3,463,883)
Leased equipment	–	–	(255,937)	(255,937)	(30,110)	–	–	(286,047)
Total accumulated depreciation and amortization	(94,165,652)	(3,182,408)	–	(97,348,060)	(8,298,654)	–	–	(105,646,714)
Net capital assets, depreciated and amortized	245,574,655	9,164,150	535,209	255,274,014	(5,244,260)	(230,838)	5,722,205	255,521,121
Total capital assets, net	<u>\$ 272,968,843</u>	<u>\$ –</u>	<u>\$ 535,209</u>	<u>\$ 273,504,052</u>	<u>\$ (5,244,260)</u>	<u>\$ (230,838)</u>	<u>\$ –</u>	<u>\$ 268,028,954</u>

The prior period adjustment and change in accounting principle are further described in Note 1 to the basic financial statements.

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

Administration	\$ 19,882
District support services	52,573
Elementary and secondary regular instruction	7,047,734
Special education instruction	5,154
Instructional support services	105,024
Food service	31,538
Community service	8,440
Sites and buildings	<u>1,028,309</u>
Total depreciation/amortization expense	<u>\$ 8,298,654</u>

## NOTE 4 – LONG-TERM LIABILITIES

### A. General Obligation Bonds

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

Issue	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding
General obligation bonds, including refunding bonds					
2011A School building bonds	11/03/2011	3.00%	\$ 12,225,000	02/01/2029	\$ 895,000
2013C Refunding bonds	12/12/2013	3.00–5.00%	\$ 39,195,000	02/01/2036	20,860,000
2014A Capital bonds	01/08/2014	2.00–3.50%	\$ 3,205,000	02/01/2028	1,485,000
2016A Refunding bonds	05/04/2016	3.00–5.00%	\$ 21,400,000	02/01/2026	5,200,000
2016B Long-term facilities maintenance bonds	08/03/2016	2.25–4.00%	\$ 11,480,000	02/01/2036	8,960,000
2018A School building bonds	02/21/2018	3.25–5.00%	\$ 64,715,000	02/01/2038	64,715,000
2018B School building bonds	02/21/2018	1.99–2.90%	\$ 56,360,000	02/01/2031	55,705,000
2019A School refunding bonds	11/07/2019	5.00%	\$ 10,640,000	02/01/2023	3,905,000
2021A Refunding bonds	11/02/2021	5.00%	\$ 12,540,000	02/01/2028	12,540,000
Total general obligation bonds					<u>\$ 174,265,000</u>

### B. Description of Long-Term Liabilities

**General Obligation Bonds** – These obligations were issued to finance acquisition and/or construction of capital facilities, or to refinance (refund) previous bond issues. Assets of the debt service funds, together with scheduled deferred ad valorem tax revenue, are dedicated for the retirement of these obligations. The annual future debt service levies authorized are equal to 105 percent of the principal and interest due each year. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

In November 2021, the District issued \$12,540,000 of General Obligation Alternative Facilities and Capital Facilities Refunding Bonds, Series 2021A. The proceeds of this issue were used to refund, in advance of their stated maturities, the 2023 through 2028 maturities of the District’s 2013A and 2013B bonds totaling \$12,025,000 and \$2,310,000, respectively, on February 1, 2022. This current refunding will reduce the District’s total future debt service payments by approximately \$974,396 and will result in present value savings of approximately \$960,500.

#### NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

**Financed Purchases Payable** – The District entered into agreements to finance equipment, technology equipment, turf, and building improvements, which call for monthly principal and interest payments through January 2034. These agreements are paid by the General Fund. The total amount of underlying financed purchased assets by major classes and the related accumulated amortization is presented in Note 3 to the basic financial statements.

At year-end, the District has the following financed purchase liabilities outstanding:

<u>Financed Purchases Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
Generator	1.63%	2013	2028	\$ 231,933
High School addition	2.75%	2020	2034	5,764,585
Macbook Air	3.89%	2020	2024	275,300
Turf	2.79%	2015	2025	<u>795,678</u>
Total financed purchases payable				<u>\$ 7,067,496</u>

**Lease Liability** – The District entered into agreements to finance, which call for monthly principal and interest payments through July 2027. This lease is paid by the General Fund. The total amount of underlying leased assets by major classes and the related accumulated amortization is presented in Note 3 to the basic financial statements.

At year-end, the District has the following lease liabilities outstanding:

<u>Lease Description</u>	<u>Interest Rate</u>	<u>Lease Date</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
Copiers	4.75%	06/20/2022	07/20/2027	\$ 706,033
Building	4.75%	04/05/2016	06/30/2024	<u>369,843</u>
Total lease liability				<u>\$ 1,075,876</u>

If the District fails to make the payments specified in the financed purchase or lease liability agreements, or otherwise defaults the lessor may: 1) enter the leased property and take possession without terminating the lease, holding the District responsible for the difference in the net income derived from such possession and the rent due under this agreement, 2) exclude the District from possession of the property and attempt to sell or again lease the property, holding the District responsible for the rent due under these agreements until the property is sold or leased again, or 3) take legal action to force performance under the terms of the leases.

**NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)**

**Net Pension Liability, Compensated Absences Payable, and Total OPEB Obligation** – The details of these liabilities are discussed elsewhere in these notes. Such benefits are financed by the governmental funds and the Post-Employment Benefits Revocable Trust Fund.

District employees participate in three defined benefit pension plans, including two state-wide, cost-sharing, multiple-employer plans administered by the PERA and the TRA. The following is a summary of the net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended June 30, 2022:

Pension Plans	Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
State-wide, multiple-employer – PERA	\$ 8,814,204	\$ 6,714,407	\$ 8,466,036	\$ 29,000
State-wide, multiple-employer – TRA	35,351,743	21,647,173	62,311,317	2,595,669
Supplemental pension benefits plan	179,256	59,017	–	30,563
Total	\$ 44,345,203	\$ 28,420,597	\$ 70,777,353	\$ 2,655,232

**C. Minimum Debt Payments**

Minimum annual principal and interest payments required to retire general obligation bonds, financed purchases and lease liabilities are as follows:

Year Ending June 30,	General Obligation Bonds		Financed Purchases		Lease Liability	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 12,325,000	\$ 4,637,875	\$ 902,932	\$ 193,689	\$ 306,291	\$ 44,494
2024	12,105,000	3,989,700	918,582	166,786	326,063	29,517
2025	13,045,000	3,505,300	640,003	139,525	140,890	18,026
2026	14,075,000	2,984,650	489,835	123,819	147,730	11,186
2027	15,005,000	2,425,300	503,617	110,037	154,902	4,114
2028–2032	56,065,000	11,267,463	2,515,956	343,553	–	–
2033–2037	42,475,000	5,668,425	1,096,571	37,952	–	–
2038	9,170,000	298,025	–	–	–	–
	\$ 174,265,000	\$ 34,776,738	\$ 7,067,496	\$ 1,115,361	\$ 1,075,876	\$ 107,337

**NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)**

**D. Changes in Long-Term Liabilities**

	Beginning Balance	Change in Accounting Principle	Additions	Retirements	Ending Balance	Due Within One Year
Long-term liabilities						
General obligation bonds	\$ 187,870,000	\$ –	\$ 12,540,000	\$ 26,145,000	\$ 174,265,000	\$ 12,325,000
Unamortized premiums/discount	(3,967,521)	–	1,903,921	413,398	(2,476,998)	–
Financed purchases payable	7,944,317	–	–	876,821	7,067,496	902,932
Lease liability	–	535,209	706,033	165,366	1,075,876	306,291
Total pension liability	332,292	–	30,563	183,599	179,256	69,099
Net pension liability	73,558,802	–	8,284,136	37,676,991	44,165,947	–
Compensated absences payable	872,288	–	98,522	140,657	830,153	788,705
Total OPEB liability	13,085,735	–	1,356,466	298,575	14,143,626	615,381
	<u>\$ 279,695,913</u>	<u>\$ 535,209</u>	<u>\$ 24,919,641</u>	<u>\$ 65,900,407</u>	<u>\$ 239,250,356</u>	<u>\$ 15,007,408</u>

## NOTE 5 – FUND BALANCES

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

### A. Classifications

At June 30, 2022, a summary of the District’s governmental fund balance classifications are as follows:

	General Fund	Food Service Special Revenue Fund	Community Service Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total
<b>Nonspendable</b>						
Inventory	\$ 250,054	\$ 50,884	\$ –	\$ –	\$ –	\$ 300,938
Prepays	87,819	3,990	–	–	–	91,809
Total nonspendable	337,873	54,874	–	–	–	392,747
<b>Restricted</b>						
Operating capital	1,132,522	–	–	–	–	1,132,522
Student activities	178,165	–	–	–	–	178,165
Staff development	595,065	–	–	–	–	595,065
Achievement and integration	35,670	–	–	–	–	35,670
Safe schools levy	20,614	–	–	–	–	20,614
Community service	–	–	41,393	–	–	41,393
Medical Assistance	240,564	–	–	–	–	240,564
Basic skills extended time	9,082	–	–	–	–	9,082
Long-term facilities maintenance	801,997	–	–	–	–	801,997
Food service	–	2,595,425	–	–	–	2,595,425
School readiness	–	–	499,693	–	–	499,693
Early childhood family education programs	–	–	297,781	–	–	297,781
Adult basic education	–	–	2,211	–	–	2,211
Community education	–	–	534,668	–	–	534,668
Building construction	–	–	–	10,412	–	10,412
Debt service	–	–	–	–	2,250,792	2,250,792
Total restricted	3,013,679	2,595,425	1,375,746	10,412	2,250,792	9,246,054
<b>Assigned</b>						
Subsequent years’ budget	4,201,455	–	–	–	–	4,201,455
Cashflow	1,722,500	–	–	–	–	1,722,500
Class size reduction	500,000	–	–	–	–	500,000
Innovative programs	370,000	–	–	–	–	370,000
Site carryover	434,495	–	–	–	–	434,495
Professional development	104,392	–	–	–	–	104,392
Total assigned	7,332,842	–	–	–	–	7,332,842
<b>Unassigned</b>						
	11,330,652	–	–	–	–	11,330,652
<b>Total</b>	<b>\$ 22,015,046</b>	<b>\$ 2,650,299</b>	<b>\$ 1,375,746</b>	<b>\$ 10,412</b>	<b>\$ 2,250,792</b>	<b>\$ 28,302,295</b>

## NOTE 6 – POST-EMPLOYMENT HEALTHCARE BENEFIT PLAN

### A. Plan Description

The District provides post-employment healthcare benefits to certain eligible employees. The District provides these benefits in a single-employer defined benefit healthcare and dental plan administered by the District. The plan does not issue a publicly available financial report. All of the post-employment benefits are based on contractual agreements with employee groups. These contractual agreements do not include any specific contribution or funding requirements.

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

### B. Benefits Provided

All retirees of the District upon retirement have the option under state law to continue their medical insurance coverage through the District. Other post-employment healthcare benefits paid by the District differ by bargaining unit and date of hire as defined within each collective bargaining agreement and individual employee contract. Retirees not eligible for these district-paid premium benefits must pay the full district premium rate for their coverage.

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

### C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually by the District. The District’s contributions in the current year totaled \$298,575 as required on a pay-as-you-go basis to finance the current year benefits as described in the previous section.

### D. Membership

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

Retirees and beneficiaries receiving benefits	33
Active plan members	<u>915</u>
Total members	<u><u>948</u></u>

### E. Total OPEB Liability of the District

The District’s total OPEB liability of \$14,143,626 at year-end was measured as of July 1, 2021, and was determined by an actuarial valuation dated July 1, 2020.

## NOTE 6 – POST-EMPLOYMENT HEALTHCARE BENEFIT PLAN (CONTINUED)

### F. Actuarial Methods and Assumptions

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

Discount rate	2.10%
20-year municipal bond yield	2.10%
Inflation rate	Varies by service and contract group
Salary increases	3.00%
Healthcare cost trend rate	6.25%, grading to 5.00% over 5 years and 4.00% over the next 48 years
Dental cost trend rate	4.00%

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

Economic assumptions are based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information, as well as for consistency with the other economic assumptions.

### G. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Beginning balance	\$ 13,085,735
Changes for the year	
Service cost	958,459
Interest	331,862
Changes of assumptions	203,370
Benefit payments	<u>(435,800)</u>
Total net changes	<u>1,057,891</u>
Ending balance	<u>\$ 14,143,626</u>

Assumption changes since the prior measurement date include the following:

- The discount rate was changed from 2.40 percent to 2.10 percent.

**NOTE 6 – POST-EMPLOYMENT HEALTHCARE BENEFIT PLAN (CONTINUED)**

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

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

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB discount rate	1.10%	2.10%	3.10%
Total OPEB liability	\$ 14,956,475	\$ 14,143,626	\$ 13,329,893

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

	<u>1% Decrease in Healthcare Cost Trend Rate</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase in Healthcare Cost Trend Rate</u>
OPEB healthcare cost trend rate	5.25% grading to 4.00% over 5 years and 3.00% over the next 48 years	6.25% grading to 5.00% over 5 years and 4.00% over the next 48 years	7.25% grading to 6.00% over 5 years and 5.00% over the next 48 years
Total OPEB liability	\$ 12,503,920	\$ 14,143,626	\$ 16,069,097

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

For the current year ended, the District recognized OPEB expense of \$1,270,397. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual liability	\$ –	\$ 129,543
Change of assumptions	407,939	72,840
District’s contributions to the OPEB subsequent to the measurement date	<u>298,575</u>	<u>–</u>
Total	<u>\$ 706,514</u>	<u>\$ 202,383</u>

A total of \$298,575 reported as deferred outflows of resources related to OPEB subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2023.

**NOTE 6 – POST-EMPLOYMENT HEALTHCARE BENEFIT PLAN (CONTINUED)**

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

Year Ending June 30,	OPEB Expense Amount
2023	\$ 25,324
2024	25,324
2025	25,330
2026	49,963
2027	5,315
Thereafter	74,300
	<u>\$ 205,556</u>

**NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE**

**A. Plan Descriptions**

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

**1. General Employees Retirement Fund (GERF)**

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

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

**2. Teachers Retirement Association (TRA)**

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

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

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

### **B. Benefits Provided**

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

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

#### **1. GERS Benefits**

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

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

#### **2. TRA Benefits**

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

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

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

### Tier I Benefits

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

With these provisions:

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

### Tier II Benefits

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

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

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

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

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

**C. Contributions**

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

**1. GERF Contributions**

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2022 and the District was required to contribute 7.5 percent for Coordinated Plan members. The District’s contributions to the GERF for the year ended June 30, 2022, were \$1,136,067. The District’s contributions were equal to the required contributions as set by state statutes.

**2. TRA Contributions**

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

	Year Ended June 30,					
	2020		2021		2022	
	Employee	Employer	Employee	Employer	Employee	Employer
<b>Basic Plan</b>	11.00 %	11.92 %	11.00 %	12.13 %	11.00 %	12.34 %
<b>Coordinated Plan</b>	7.50 %	7.92 %	7.50 %	8.13 %	7.50 %	8.34 %

The District’s contributions to the TRA for the plan’s fiscal year ended June 30, 2022, were \$4,151,533. The District’s contributions were equal to the required contributions for each year as set by state statutes.

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

	<i>in thousands</i>
Employer contributions reported in the TRA’s Annual Comprehensive Financial Report Statement of Changes in Fiduciary Net Position	\$ 448,829
Add employer contributions not related to future contribution efforts	379
Deduct the TRA’s contributions not included in allocation	(538)
Total employer contributions	448,670
Total nonemployer contributions	37,840
Total contributions reported in the Schedule of Employer and Nonemployer Pension Allocations	\$ 486,510

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

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

**D. Pension Costs**

**1. GERF Pension Costs**

At June 30, 2022, the District reported a liability of \$8,814,204 for its proportionate share of the General Employees Fund’s net pension liability. The District’s net pension liability reflected a reduction due to the state of Minnesota’s contribution of \$16 million. The state of Minnesota is considered a nonemployer contributing entity and the state’s contribution meets the definition of a special funding situation. The state of Minnesota’s proportionate share of the net pension liability associated with the District totaled \$269,164. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportionate share of the net pension liability was based on the District’s contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of the PERA’s participating employers. The District’s proportionate share was 0.2064 percent at the end of the measurement period and 0.2152 percent for the beginning of the period.

District’s proportionate share of the net pension liability	\$	8,814,204
State’s proportionate share of the net pension liability associated with the District		269,164

For the year ended June 30, 2022, the District recognized pension expense of \$7,283 for its proportionate share of the GERF’s pension expense. In addition, the District recognized an additional \$21,717 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota’s pension expense for the annual \$16 million contribution.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 55,464	\$ 271,070
Changes in actuarial assumptions	5,381,771	202,146
Net collective difference between projected and actual investment earnings	–	7,597,120
Changes in proportion	141,105	395,700
District’s contributions to the GERF subsequent to the measurement date	<u>1,136,067</u>	<u>–</u>
Total	<u>\$ 6,714,407</u>	<u>\$ 8,466,036</u>

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

The \$1,136,067 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. 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
2023	\$ (415,793)
2024	\$ (202,045)
2025	\$ (187,811)
2026	\$ (2,082,047)

**2. TRA Pension Costs**

At June 30, 2022, the District reported a liability of \$35,351,743 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Minneapolis Public Schools. The District's proportionate share was 0.8078 percent at the end of the measurement period and 0.8210 percent for the beginning of the period.

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

District's proportionate share of the net pension liability	\$ 35,351,743
State's proportionate share of the net pension liability associated with the District	2,981,425

For the year ended June 30, 2022, the District recognized pension expense of \$2,629,052. It also recognized \$33,383 as a reduction to pension expense for the support provided by direct aid.

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

At June 30, 2022, the District had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 973,128	\$ 978,086
Changes in actuarial assumptions	12,955,670	30,962,834
Net collective difference between projected and actual investment earnings on pension plan investments	–	29,557,703
Changes in proportion	3,566,842	812,694
District’s contributions to the TRA subsequent to the measurement date	4,151,533	–
	<u>4,151,533</u>	<u>–</u>
Total	<u>\$ 21,647,173</u>	<u>\$ 62,311,317</u>

A total of 4,151,533 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2023	\$ (21,462,928)
2024	\$ (16,392,702)
2025	\$ (4,017,180)
2026	\$ (5,275,690)
2027	\$ 2,332,823

**E. Long-Term Expected Return on Investment**

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

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

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return
	GERF	TRA	
Domestic equity	33.50 %	35.50 %	5.10 %
International equity	16.50	17.50	5.30 %
Private markets	25.00	25.00	5.90 %
Fixed income	25.00	20.00	0.75 %
Unallocated cash	–	2.00	– %
Total	<u>100.00 %</u>	<u>100.00 %</u>	

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

### F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

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

#### 1. GERF

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

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

Salary growth assumptions in the GERF Plan range in annual increments from 10.25 percent after one year of service to 3.00 percent after 29 years of service, and 6.00 percent per year thereafter.

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

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

#### 2. TRA

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP-2014 tables for the TRA for males and females, as appropriate, with slight adjustments to fit the TRA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.00 percent for January 2020 through January 2023, then increasing by 0.10 percent each year, up to 1.50 percent annually.

Actuarial assumptions for the TRA Plan were based on the results of actuarial experience studies. The most recent experience study in the TRA Plan was completed in 2015, with economic assumptions updated in 2017.

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

The following changes in actuarial assumptions occurred in 2021:

### **1. GERF**

#### **CHANGES IN ACTUARIAL ASSUMPTIONS**

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

### **2. TRA**

#### **CHANGES IN ACTUARIAL ASSUMPTIONS**

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

## **G. Discount Rate**

### **1. GERF**

The discount rate used to measure the total pension liability in 2021 was 6.50 percent. The discount rate used to measure the total pension liability at the prior measurement date was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the GERF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### **2. TRA**

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

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

### H. Pension Liability Sensitivity

The following table presents the District’s proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed 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 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
GERF discount rate	5.50%	6.50%	7.50%
District’s proportionate share of the GERF net pension liability	\$ 17,976,478	\$ 8,814,204	\$ 1,296,000
TRA discount rate	6.00%	7.00%	8.00%
District’s proportionate share of the TRA net pension liability	\$ 71,412,242	\$ 35,351,743	\$ 5,779,260

### I. Pension Plan Fiduciary Net Position

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

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

## NOTE 8 – SUPPLEMENTAL PENSION BENEFIT PLAN

### A. Plan Description

The District provides a single-employer defined benefit supplemental pension benefit to eligible administrators and teachers. Currently, full-time teachers hired prior to July 1, 1991, custodians, and administrative assistants are eligible to retire and receive the pension supplement after the attainment of age 55 and the completion 20 years of service. Certain administrators are eligible to retire and receive the pension supplement after the attainment of age 55 and the completion 15 years of service. The superintendent is eligible to retire and receive the pension supplement after the attainment of age 55 and the completion six years of service. The benefit is a lump-sum payment to a 403(b) account upon retirement.

As of July 1, 2020, employees covered by the plan are as follows:

Active plan members

13

## NOTE 8 – SUPPLEMENTAL PENSION BENEFIT PLAN (CONTINUED)

### B. Benefit Provisions

There is no maximum benefit amount for any bargaining group, other than the superintendent who is capped at 50 percent of annual salary. The pension benefit ranges from three days per year of service times the hourly rate to one month of salary for each year of service.

The District paid \$33,109 for pension benefits under the plan during the year ended June 30, 2022.

### C. Total Pension Liability

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

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

No assets are accumulated in a trust that meets all of the above criteria. Accordingly, the District's total pension liability is not reduced by any assets accumulated in a trust that meets the criteria, and the District reports its total pension liability.

The District's total pension liability was determined by an actuarial valuation dated July 1, 2020 with a measurement date of July 1, 2021. At June 30, 2022, the District reported a total pension liability of \$179,256. Changes in the District's total pension liability were as follows:

	<u>Total Pension Liability</u>
Beginning total pension liability	\$ 332,292
Changes for the year	
Service cost	11,939
Interest	6,202
Changes of assumptions	1,461
Benefit payments	<u>(172,638)</u>
Total net changes	<u>(153,036)</u>
Ending total pension liability	<u>\$ 179,256</u>

## NOTE 8 – SUPPLEMENTAL PENSION BENEFIT PLAN (CONTINUED)

### D. Pension Costs

For the year ended June 30, 2022, the District recognized pension expense of \$30,563. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 23,577	\$ –
Changes in actuarial assumptions	2,331	–
Benefit payments subsequent to the measurement date	33,109	–
Total	<u>\$ 59,017</u>	<u>\$ –</u>

The District's benefit payments and amounts incurred by the District subsequent to the measurement date of \$33,109 reported as deferred outflows of resources will be recognized as a reduction of the total pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the plan will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2023	\$ 13,306
2024	\$ 12,539
2025	\$ 63

### E. Actuarial Methods and Assumptions

The actuarial total pension liability was determined as of July 1, 2021, using the following actuarial methods and assumptions, applied to all periods included in the measurement:

Valuation date	July 1, 2020
Measurement date	July 1, 2021
Actuarial cost method	Entry-age normal (level percent of salary)
Discount rate	2.10%
Inflation	2.50%
Salary increases	Varies by service and contract group
Mortality	Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2019 Generational Improvement Scale

**NOTE 8 – SUPPLEMENTAL PENSION BENEFIT PLAN (CONTINUED)**

**F. Discount Rate and Changes in Assumptions**

The discount rate used to measure the total pension liability was 2.10 percent. The discount rate is based on the estimated yield of 20-year, AA-rated municipal bonds. The discount rate was changed from 2.40 percent in the prior measurement period to 2.10 percent. The mortality tables and salary increase rates were updated as well.

**G. Total Pension Liability Sensitivity**

The following presents the District’s total pension liability, calculated using the discount rate of 2.10 percent, as well as what the District’s total pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
Discount rate	1.10%	2.10%	3.10%
Total pension liability	\$ 185,784	\$ 179,256	\$ 172,377

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

**A. Federal and State Revenue**

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

**B. Contingencies**

The District has the usual and customary types of legal claims pending at year-end, mostly of a minor nature and usually covered by insurance carried for that purpose. The District’s management believes that the District will not incur any material liabilities relating to these claims, and none have been accrued at year-end.

**NOTE 10 – SUBSEQUENT EVENTS**

On September 1, 2022, the District entered into a finance purchase for iPads. This finance purchase totaled \$1,315,800 with an interest rate of zero percent. Annual payments on this lease total \$328,950 and mature on July 15, 2025.

## NOTE 11 – HEALTH AND DENTAL BENEFITS SELF-INSURANCE PLAN

The District maintains an internal service fund to account for and finance a self-insurance program for health and dental benefits. Accordingly, the District has not purchased outside insurance for the risks of losses to which it is exposed for amounts under its stop-loss limit at which point reinsurance coverage is available. The District also has aggregate stop-loss coverage in place, which limits the District’s liability to annually. District management believes it is more economical to manage its risks internally and set aside assets for claim settlement. The internal service fund currently services all claims and risk of loss to which the District is exposed for health and dental expenses. Claims have not exceeded the District’s aggregate stop-loss limit for the past three years.

Participants in the program make premium payments to the fund based on the insurance premium. The excess amount received above current year claims is used to establish a reserve for future claims.

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

There were no liabilities in excess of claims paid or payable at June 30, 2022. There is a possibility for loss if claims are in excess of the premiums collected. The District does not believe this occurrence would have a material financial effect on the District. The District held \$10,121,625 in cash and investments at June 30, 2022 for payment of claims.

The balances of claim liabilities during fiscal years 2022 and 2021 were as follows:

	Fiscal Year 2022	Fiscal Year 2021
Beginning of fiscal year liability – July 1,	\$ 1,330,118	\$ 1,344,775
Current year claims, changes in estimates, and other charges	14,561,012	13,820,748
Payments on claims	<u>(13,802,369)</u>	<u>(13,835,405)</u>
Ending of fiscal year liability – June 30,	<u>\$ 2,088,761</u>	<u>\$ 1,330,118</u>

## NOTE 12 – DEFICIT NET POSITION

At June 30, 2022, the District’s OPEB Internal Service Fund had a deficit net position of \$5,542,261.

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REQUIRED SUPPLEMENTARY INFORMATION

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INDEPENDENT SCHOOL DISTRICT NO. 719

Public Employees Retirement Association Pension Benefits Plan  
 Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability  
 Year Ended June 30, 2022

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.2039%	\$ 9,578,200	\$ -	\$ 9,578,200	\$ 11,186,618	85.62%	78.70%
06/30/2016	06/30/2015	0.1979%	\$ 10,256,205	\$ -	\$ 10,256,205	\$ 11,643,959	88.08%	78.20%
06/30/2017	06/30/2016	0.1979%	\$ 15,946,706	\$ 208,202	\$ 16,154,908	\$ 12,181,520	130.91%	68.90%
06/30/2018	06/30/2017	0.2081%	\$ 13,284,967	\$ 167,048	\$ 13,452,015	\$ 13,433,213	98.90%	75.90%
06/30/2019	06/30/2018	0.2088%	\$ 11,583,368	\$ 380,045	\$ 11,963,413	\$ 13,406,387	86.40%	79.50%
06/30/2020	06/30/2019	0.2114%	\$ 11,687,832	\$ 363,318	\$ 12,051,150	\$ 15,249,613	76.64%	80.20%
06/30/2021	06/30/2020	0.2152%	\$ 12,902,222	\$ 397,973	\$ 13,300,195	\$ 15,341,357	84.10%	79.10%
06/30/2022	06/30/2021	0.2064%	\$ 8,814,204	\$ 269,164	\$ 9,083,368	\$ 14,883,470	59.22%	87.00%

Public Employees Retirement Association Pension Benefits Plan  
 Schedule of District Contributions  
 Year Ended June 30, 2022

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 828,742	\$ 858,742	\$ -	\$ 11,643,959	7.38%
06/30/2016	\$ 913,614	\$ 913,614	\$ -	\$ 12,181,520	7.50%
06/30/2017	\$ 1,007,491	\$ 1,007,491	\$ -	\$ 13,433,213	7.50%
06/30/2018	\$ 1,005,479	\$ 1,005,479	\$ -	\$ 13,406,387	7.50%
06/30/2019	\$ 1,143,721	\$ 1,143,721	\$ -	\$ 15,249,613	7.50%
06/30/2020	\$ 1,150,795	\$ 1,150,795	\$ -	\$ 15,341,357	7.50%
06/30/2021	\$ 1,115,980	\$ 1,115,980	\$ -	\$ 14,883,470	7.50%
06/30/2022	\$ 1,136,067	\$ 1,136,067	\$ -	\$ 15,147,560	7.50%

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

INDEPENDENT SCHOOL DISTRICT NO. 719

Teachers Retirement Association Pension Benefits Plan  
 Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability  
 Year Ended June 30, 2022

District Fiscal Year-End	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.7083%	\$ 32,637,954	\$ 2,295,952	\$ 34,933,906	\$ 33,028,406	98.82%	81.50%
06/30/2016	06/30/2015	0.6820%	\$ 42,188,445	\$ 5,175,127	\$ 47,363,572	\$ 34,473,907	122.38%	76.80%
06/30/2017	06/30/2016	0.7107%	\$169,518,907	\$ 17,014,498	\$186,533,405	\$ 36,965,280	458.59%	44.88%
06/30/2018	06/30/2017	0.7421%	\$148,136,622	\$ 14,319,251	\$162,455,873	\$ 39,949,880	370.81%	51.57%
06/30/2019	06/30/2018	0.7842%	\$ 49,253,691	\$ 4,627,772	\$ 53,881,463	\$ 43,289,107	113.78%	78.07%
06/30/2020	06/30/2019	0.7979%	\$ 50,858,314	\$ 4,500,746	\$ 55,359,060	\$ 45,085,653	112.80%	78.21%
06/30/2021	06/30/2020	0.8210%	\$ 60,656,580	\$ 5,083,184	\$ 65,739,764	\$ 47,711,226	127.13%	75.48%
06/30/2022	06/30/2021	0.8078%	\$ 35,351,743	\$ 2,981,425	\$ 38,333,168	\$ 48,412,211	73.02%	86.63%

Teachers Retirement Association Pension Benefits Plan  
 Schedule of District Contributions  
 Year Ended June 30, 2022

District Fiscal Year-End	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 2,585,543	\$ 2,585,543	\$ -	\$ 34,473,907	7.50%
06/30/2016	\$ 2,772,396	\$ 2,772,396	\$ -	\$ 36,965,280	7.50%
06/30/2017	\$ 2,997,424	\$ 2,997,424	\$ -	\$ 39,949,880	7.50%
06/30/2018	\$ 3,246,683	\$ 3,246,683	\$ -	\$ 43,289,107	7.50%
06/30/2019	\$ 3,492,183	\$ 3,492,183	\$ -	\$ 45,085,653	7.75%
06/30/2020	\$ 3,778,722	\$ 3,778,722	\$ -	\$ 47,711,226	7.92%
06/30/2021	\$ 3,935,995	\$ 3,935,995	\$ -	\$ 48,412,211	8.13%
06/30/2022	\$ 4,151,533	\$ 4,151,533	\$ -	\$ 49,776,811	8.34%

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

INDEPENDENT SCHOOL DISTRICT NO. 719

Other Post-Employment Benefits Plan  
 Schedule of Changes in the District's Total  
 OPEB Liability and Related Ratios  
 Year Ended June 30, 2022

	District Fiscal Year-End Date				
	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 958,459	\$ 891,499	\$ 763,753	\$ 695,625	\$ 703,460
Interest	331,862	404,930	418,776	397,211	383,906
Change of benefit terms	–	–	–	(32,176)	–
Differences between expected and actual experience	–	(64,254)	–	(195,189)	–
Changes of assumptions	203,370	(101,978)	312,643	22,687	–
Benefit payments	(435,800)	(427,184)	(622,122)	(725,031)	(651,963)
Net change in total OPEB liability	1,057,891	703,013	873,050	163,127	435,403
Total OPEB liability – beginning of year	13,085,735	12,382,722	11,509,672	11,346,545	10,911,142
Total OPEB liability – end of year	<u>\$ 14,143,626</u>	<u>\$ 13,085,735</u>	<u>\$ 12,382,722</u>	<u>\$ 11,509,672</u>	<u>\$ 11,346,545</u>
Covered-employee payroll	<u>\$ 59,138,770</u>	<u>\$ 57,416,282</u>	<u>\$ 52,956,511</u>	<u>\$ 51,414,088</u>	<u>\$ 48,985,794</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>23.92%</u>	<u>22.79%</u>	<u>23.38%</u>	<u>22.39%</u>	<u>23.16%</u>

Note 1: The District has not established a trust to finance OPEB benefits.

Note 2: The District implemented GASB Statement No. 75 in fiscal 2018. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 719

Supplemental Pension Benefits Plan  
 Schedule of Changes in the District's Total  
 Pension Liability and Related Ratios  
 Year Ended June 30, 2022

	District Fiscal Year-End Date					
	2022	2021	2020	2019	2018	2017
Total pension liability						
Service cost	\$ 11,939	\$ 11,050	\$ 12,207	\$ 11,052	\$ 19,386	\$ 20,509
Interest	6,202	9,772	13,636	18,753	20,535	24,619
Differences between expected and actual experience	–	47,755	–	(1,964)	–	–
Change of assumptions	1,461	949	3,055	(1,582)	(5,701)	–
Benefit payments	(172,638)	(82,161)	(121,703)	(255,909)	(110,356)	(258,217)
Net change in total pension liability	(153,036)	(12,635)	(92,805)	(229,650)	(76,136)	(213,089)
Total pension liability – beginning of year	332,292	344,927	437,732	667,382	743,518	956,607
Total pension liability – end of year	\$ 179,256	\$ 332,292	\$ 344,927	\$ 437,732	\$ 667,382	\$ 743,518
Covered-employee payroll	\$ 1,141,400	\$ 1,108,155	\$ 1,464,510	\$ 1,421,854	\$ 2,422,835	\$ 2,352,267
Net pension liability as a percentage of covered-employee payroll	15.70%	29.99%	23.55%	30.79%	27.55%	31.61%

Note 1: The District has not established a trust to finance supplemental pension benefits.

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

INDEPENDENT SCHOOL DISTRICT NO. 719

Notes to Required Supplementary Information  
June 30, 2022

**PERA – GENERAL EMPLOYEES RETIREMENT FUND**

**2021 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**2020 CHANGES IN PLAN PROVISIONS**

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

**2020 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

INDEPENDENT SCHOOL DISTRICT NO. 719

Notes to Required Supplementary Information (continued)  
June 30, 2022

**PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)**

**2019 CHANGES IN PLAN PROVISIONS**

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

**2019 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**2018 CHANGES IN PLAN PROVISIONS**

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

**2018 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

INDEPENDENT SCHOOL DISTRICT NO. 719

Notes to Required Supplementary Information (continued)  
June 30, 2022

**PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)**

**2017 CHANGES IN PLAN PROVISIONS**

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

**2017 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**2016 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**2015 CHANGES IN PLAN PROVISIONS**

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Retirement Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the state's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

**2015 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

INDEPENDENT SCHOOL DISTRICT NO. 719

Notes to Required Supplementary Information (continued)  
June 30, 2022

**TEACHERS RETIREMENT ASSOCIATION (TRA)**

**2021 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**2018 CHANGES IN PLAN PROVISIONS**

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

**2018 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**2017 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

INDEPENDENT SCHOOL DISTRICT NO. 719

Notes to Required Supplementary Information (continued)  
June 30, 2022

**TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)**

**2016 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**2015 CHANGES IN PLAN PROVISIONS**

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

**2015 CHANGES IN ACTUARIAL ASSUMPTIONS**

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

**OTHER POST-EMPLOYMENT BENEFITS PLAN**

**2021 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The discount rate was changed from 2.40 percent to 2.10 percent.

**2020 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The discount rate was changed from 3.10 percent to 2.40 percent. The salary increase rates were changed from a flat 3.00 percent per year for all employees to rates, which vary by service and contract group. Healthcare trend rates were changed to better anticipate short-term and long-term medical increases. Mortality tables were updated to the Pub-2020 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2019 Generational Improvement Scale.

**2019 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The discount rate was changed from 3.50 percent to 3.10 percent.

**2018 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases. The mortality table was updated from RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale, to the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale. The discount rate was changed from 3.40 percent to 3.50 percent.

**OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)**

**2017 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The mortality table was updated from RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale, to the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale. The discount rate was changed from 3.40 percent to 3.50 percent.

**PENSION BENEFITS PLAN**

**2021 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The discount rate was changed from 2.40 percent to 2.10 percent.

**2020 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The discount rate used to measure the total pension liability was 2.40 percent. The discount rate is based on the estimated yield of 20-year, AA-rated municipal bonds. The discount rate was changed from 3.10 percent in the prior measurement period to 2.40 percent. The mortality tables and salary increase rates were updated as well.

**2019 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The discount rate was changed from 3.50 percent to 3.10 percent.

**2018 CHANGES IN ACTUARIAL ASSUMPTIONS**

- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale, to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale. The discount rate was changed from 3.40 percent to 3.50 percent.

SUPPLEMENTARY INFORMATION

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INDIVIDUAL FUND STATEMENTS AND SCHEDULES

INDEPENDENT SCHOOL DISTRICT NO. 719

General Fund  
Comparative Balance Sheet  
as of June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Cash and temporary investments	\$ 25,096,056	\$ 22,828,574
Receivables		
Current taxes	8,944,152	8,784,185
Delinquent taxes	76,657	65,906
Accounts and interest	17,957	94,509
Due from other governmental units	10,977,912	8,302,979
Inventory	250,054	140,996
Prepays	<u>87,819</u>	<u>242,573</u>
Total assets	<u>\$ 45,450,607</u>	<u>\$ 40,459,722</u>
<b>Liabilities</b>		
Salaries and benefits payable	\$ 5,037,134	\$ 4,835,876
Accounts and contracts payable	625,992	2,045,123
Due to other governmental units	54,906	54,456
Unearned revenue	<u>172,980</u>	<u>88,836</u>
Total liabilities	5,891,012	7,024,291
<b>Deferred inflows of resources</b>		
Property taxes levied for subsequent year	17,467,892	17,184,570
Unavailable revenue – delinquent taxes	<u>76,657</u>	<u>65,906</u>
Total deferred inflows of resources	17,544,549	17,250,476
<b>Fund balances (deficit)</b>		
Nonspendable for inventory	250,054	140,996
Nonspendable for prepaids	87,819	242,573
Restricted for student activities	178,165	133,258
Restricted for staff development	595,065	853,685
Restricted for operating capital	1,132,522	298,497
Restricted for area learning center	–	71,172
Restricted for achievement and integration	35,670	44,421
Restricted for safe schools levy	20,614	88,574
Restricted for basic skills extended time	9,082	9,082
Restricted for long-term facilities maintenance	801,997	–
Restricted for Medical Assistance	240,564	103,883
Assigned	7,332,842	6,389,482
Unassigned – long-term facilities maintenance restricted account deficit	–	(17,624)
Unassigned	<u>11,330,652</u>	<u>7,826,956</u>
Total fund balances	<u>22,015,046</u>	<u>16,184,955</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 45,450,607</u>	 <u>\$ 40,459,722</u>

INDEPENDENT SCHOOL DISTRICT NO. 719

General Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2022  
 (With Comparative Actual Amounts for the Year Ended June 30, 2021)

	2022		Over (Under)	2021
	Budget	Actual	Budget	Actual
<b>Revenue</b>				
Local sources				
Property taxes	\$ 18,293,855	\$ 18,466,543	\$ 172,688	\$ 17,993,638
Investment earnings (losses)	10,000	(116,962)	(126,962)	12,964
Other	1,561,107	2,532,002	970,895	1,736,739
State sources	85,756,868	87,368,960	1,612,092	81,587,153
Federal sources	4,970,023	4,628,647	(341,376)	3,894,019
Total revenue	110,591,853	112,879,190	2,287,337	105,224,513
<b>Expenditures</b>				
Current				
Administration				
Salaries	2,489,397	2,508,526	19,129	2,443,979
Employee benefits	896,981	896,961	(20)	863,750
Purchased services	136,477	87,722	(48,755)	22,998
Supplies and materials	18,570	8,958	(9,612)	16,709
Other expenditures	74,111	75,401	1,290	75,535
Total administration	3,615,536	3,577,568	(37,968)	3,422,971
District support services				
Salaries	2,835,517	2,540,717	(294,800)	2,420,747
Employee benefits	807,495	818,605	11,110	778,732
Purchased services	896,550	659,240	(237,310)	993,807
Supplies and materials	191,480	129,298	(62,182)	121,064
Capital expenditures	619,474	778,697	159,223	1,310,964
Other expenditures	20,610	13,986	(6,624)	17,820
Total district support services	5,371,126	4,940,543	(430,583)	5,643,134
Elementary and secondary regular instruction				
Salaries	33,283,114	32,989,610	(293,504)	31,651,342
Employee benefits	14,016,759	14,008,236	(8,523)	13,077,281
Purchased services	2,660,842	2,545,708	(115,134)	2,101,696
Supplies and materials	1,610,030	1,400,411	(209,619)	758,181
Capital expenditures	589,016	306,165	(282,851)	263,612
Other expenditures	230,765	245,355	14,590	235,459
Total elementary and secondary regular instruction	52,390,526	51,495,485	(895,041)	48,087,571

INDEPENDENT SCHOOL DISTRICT NO. 719

General Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual (continued)  
 Year Ended June 30, 2022  
 (With Comparative Actual Amounts for the Year Ended June 30, 2021)

	2022		Over (Under) Budget	2021
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	569,884	573,844	3,960	492,387
Employee benefits	227,208	237,803	10,595	207,800
Purchased services	850	351	(499)	70
Supplies and materials	11,946	10,425	(1,521)	4,244
Other expenditures	2,256	3,381	1,125	2,628
Total vocational education instruction	812,144	825,804	13,660	707,129
Special education instruction				
Salaries	13,241,468	12,771,649	(469,819)	12,562,373
Employee benefits	4,966,701	5,070,489	103,788	5,009,466
Purchased services	1,039,776	1,174,073	134,297	1,037,072
Supplies and materials	115,319	90,047	(25,272)	85,770
Capital expenditures	17,334	11,495	(5,839)	10,612
Other expenditures	77,108	81,801	4,693	77,783
Total special education instruction	19,457,706	19,199,554	(258,152)	18,783,076
Instructional support services				
Salaries	4,777,107	4,487,816	(289,291)	4,461,518
Employee benefits	2,015,948	1,498,328	(517,620)	1,853,475
Purchased services	846,922	202,953	(643,969)	85,985
Supplies and materials	954,951	727,359	(227,592)	346,136
Capital expenditures	870,449	816,299	(54,150)	755,620
Other expenditures	32,742	31,792	(950)	30,700
Total instructional support services	9,498,119	7,764,547	(1,733,572)	7,533,434
Pupil support services				
Salaries	2,349,558	2,194,222	(155,336)	2,062,509
Employee benefits	875,929	852,552	(23,377)	774,892
Purchased services	5,368,809	5,849,606	480,797	5,536,359
Supplies and materials	340,724	285,778	(54,946)	141,211
Capital expenditures	-	-	-	12,280
Other expenditures	10,935	10,769	(166)	10,037
Total pupil support services	8,945,955	9,192,927	246,972	8,537,288

INDEPENDENT SCHOOL DISTRICT NO. 719

General Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual (continued)  
 Year Ended June 30, 2022  
 (With Comparative Actual Amounts for the Year Ended June 30, 2021)

	2022		Over (Under) Budget	2021
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	3,226,499	3,236,040	9,541	3,198,934
Employee benefits	1,198,491	1,193,655	(4,836)	1,159,109
Purchased services	2,182,922	1,815,801	(367,121)	2,180,227
Supplies and materials	1,151,334	665,436	(485,898)	864,225
Capital expenditures	2,579,842	1,968,303	(611,539)	6,482,385
Other expenditures	23,297	19,585	(3,712)	21,040
Total sites and buildings	<u>10,362,385</u>	<u>8,898,820</u>	<u>(1,463,565)</u>	<u>13,905,920</u>
Fiscal and other fixed cost programs				
Purchased services	1,000,000	597,897	(402,103)	504,918
Debt service				
Principal	1,085,553	1,042,187	(43,366)	851,497
Interest and fiscal charges	219,800	219,800	—	245,124
Total debt service	<u>1,305,353</u>	<u>1,261,987</u>	<u>(43,366)</u>	<u>1,096,621</u>
Total expenditures	<u>112,758,850</u>	<u>107,755,132</u>	<u>(5,003,718)</u>	<u>108,222,062</u>
Excess (deficiency) of revenue over expenditures	(2,166,997)	5,124,058	7,291,055	(2,997,549)
Other financing sources				
Issuance of lease	—	706,033	706,033	—
Net change in fund balances	<u>\$ (2,166,997)</u>	5,830,091	<u>\$ 7,997,088</u>	(2,997,549)
Fund balances				
Beginning of year		<u>16,184,955</u>		<u>19,182,504</u>
End of year		<u>\$ 22,015,046</u>		<u>\$ 16,184,955</u>

INDEPENDENT SCHOOL DISTRICT NO. 719

Food Service Special Revenue Fund  
 Comparative Balance Sheet  
 as of June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Cash and temporary investments	\$ 2,657,651	\$ 1,235,243
Receivables		
Accounts and interest	14,913	22,059
Due from other governmental units	167,992	753,065
Inventory	50,884	20,335
Prepays	3,990	-
	<u>2,895,430</u>	<u>2,030,702</u>
Total assets	<u>\$ 2,895,430</u>	<u>\$ 2,030,702</u>
<b>Liabilities</b>		
Salaries and benefits payable	\$ 1,979	\$ 1,579
Accounts and contracts payable	24,149	313,504
Unearned revenue	219,003	186,045
Total liabilities	<u>245,131</u>	<u>501,128</u>
<b>Fund balances</b>		
Nonspendable for inventory and prepaids	54,874	20,335
Restricted for food service	2,595,425	1,509,239
Total fund balances	<u>2,650,299</u>	<u>1,529,574</u>
	<u>\$ 2,895,430</u>	<u>\$ 2,030,702</u>
Total liabilities and fund balances	<u>\$ 2,895,430</u>	<u>\$ 2,030,702</u>

INDEPENDENT SCHOOL DISTRICT NO. 719

Food Service Special Revenue Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2022  
 (With Comparative Actual Amounts for the Year Ended June 30, 2021)

	2022		Over (Under) Budget	2021
	Budget	Actual		Actual
Revenue				
Local sources				
Investment earnings	\$ -	\$ 4,223	\$ 4,223	\$ 2,000
Other – primarily meal sales	1,533,084	2,128,842	595,758	250,257
State sources	381,435	190,158	(191,277)	94,535
Federal sources	3,905,259	4,267,351	362,092	4,767,850
Total revenue	<u>5,819,778</u>	<u>6,590,574</u>	<u>770,796</u>	<u>5,114,642</u>
Expenditures				
Current				
Salaries	1,772,458	1,767,796	(4,662)	1,552,692
Employee benefits	558,092	569,233	11,141	525,258
Purchased services	142,011	227,116	85,105	89,834
Supplies and materials	3,130,565	2,852,294	(278,271)	1,873,801
Other expenditures	5,503	5,427	(76)	4,645
Capital expenditures	413,615	47,983	(365,632)	928,214
Total expenditures	<u>6,022,244</u>	<u>5,469,849</u>	<u>(552,395)</u>	<u>4,974,444</u>
Net change in fund balances	<u>\$ (202,466)</u>	1,120,725	<u>\$ 1,323,191</u>	140,198
Fund balances				
Beginning of year		<u>1,529,574</u>		<u>1,389,376</u>
End of year		<u>\$ 2,650,299</u>		<u>\$ 1,529,574</u>

INDEPENDENT SCHOOL DISTRICT NO. 719

Community Service Special Revenue Fund  
 Comparative Balance Sheet  
 as of June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Cash and temporary investments	\$ 2,105,037	\$ 1,009,702
Receivables		
Current taxes	338,905	311,525
Delinquent taxes	2,537	2,214
Accounts and interest	74,915	45,029
Due from other governmental units	123,810	127,193
Prepays	—	119
	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 2,645,204</u>	<u>\$ 1,495,782</u>
<b>Liabilities</b>		
Salaries and benefits payable	\$ 3,754	\$ 2,527
Accounts and contracts payable	102,159	56,735
Unearned revenue	454,010	459,238
Total liabilities	<u>559,923</u>	<u>518,500</u>
<b>Deferred inflows of resources</b>		
Property taxes levied for subsequent year	706,998	650,709
Unavailable revenue – delinquent taxes	2,537	2,214
Total deferred inflows of resources	<u>709,535</u>	<u>652,923</u>
<b>Fund balances (deficit)</b>		
Nonspendable for prepaids	—	119
Restricted for community education programs	534,668	—
Restricted for early childhood family education programs	297,781	210,276
Restricted for adult basic education	2,211	2,211
Restricted for community service	41,393	51,158
Restricted for school readiness	499,693	265,819
Unassigned – community education programs restricted account deficit	—	(205,224)
Total fund balances	<u>1,375,746</u>	<u>324,359</u>
	<u>                    </u>	<u>                    </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,645,204</u>	<u>\$ 1,495,782</u>

INDEPENDENT SCHOOL DISTRICT NO. 719

Community Service Special Revenue Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2022  
 (With Comparative Actual Amounts for the Year Ended June 30, 2021)

	2022			2021
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 650,121	\$ 631,904	\$ (18,217)	\$ 564,189
Investment earnings	–	3,476	3,476	1,755
Other – primarily tuition and fees	4,786,734	5,174,121	387,387	3,137,470
State sources	1,261,991	1,263,081	1,090	1,221,804
Federal sources	–	–	–	325,846
Total revenue	<u>6,698,846</u>	<u>7,072,582</u>	<u>373,736</u>	<u>5,251,064</u>
Expenditures				
Current				
Salaries	4,066,486	3,845,455	(221,031)	3,984,226
Employee benefits	1,082,221	1,014,807	(67,414)	1,029,718
Purchased services	782,186	930,951	148,765	544,991
Supplies and materials	302,599	210,784	(91,815)	171,221
Other expenditures	7,392	7,006	(386)	6,220
Capital expenditures	43,616	12,192	(31,424)	565
Total expenditures	<u>6,284,500</u>	<u>6,021,195</u>	<u>(263,305)</u>	<u>5,736,941</u>
Net change in fund balances	<u>\$ 414,346</u>	<u>1,051,387</u>	<u>\$ 637,041</u>	<u>(485,877)</u>
Fund balances				
Beginning of year		<u>324,359</u>		<u>810,236</u>
End of year		<u>\$ 1,375,746</u>		<u>\$ 324,359</u>

INDEPENDENT SCHOOL DISTRICT NO. 719

Capital Projects – Building Construction Fund  
 Comparative Balance Sheet  
 as of June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and temporary investments	\$ 82,400	\$ 738,078
Receivables		
Accounts and interest	–	17,062
Total assets	<u>\$ 82,400</u>	<u>\$ 755,140</u>
Liabilities		
Accounts and contracts payable	\$ 71,988	\$ –
Fund balances		
Restricted for capital projects	<u>10,412</u>	<u>755,140</u>
Total liabilities and fund balance	<u>\$ 82,400</u>	<u>\$ 755,140</u>

INDEPENDENT SCHOOL DISTRICT NO. 719

Capital Projects – Building Construction Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2022  
 (With Comparative Actual Amounts for the Year Ended June 30, 2021)

	2022		Over (Under) Budget	2021
	Budget	Actual		Actual
Revenue				
Local sources				
Investment earnings	\$ –	\$ –	\$ –	\$ 240,624
Other revenue	165,114	165,114	–	204,384
Total revenue	<u>165,114</u>	<u>165,114</u>	<u>–</u>	<u>445,008</u>
Expenditures				
Capital outlay				
Purchased services	–	–	–	442,898
Supplies and materials	–	–	–	4,800
Capital expenditures	<u>920,254</u>	<u>909,842</u>	<u>(10,412)</u>	<u>13,467,969</u>
Total expenditures	<u>920,254</u>	<u>909,842</u>	<u>(10,412)</u>	<u>13,915,667</u>
Net change in fund balances	<u>\$ (755,140)</u>	(744,728)	<u>\$ 10,412</u>	(13,470,659)
Fund balances				
Beginning of year		<u>755,140</u>		<u>14,225,799</u>
End of year		<u>\$ 10,412</u>		<u>\$ 755,140</u>

INDEPENDENT SCHOOL DISTRICT NO. 719

Debt Service Fund  
 Comparative Balance Sheet  
 as of June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and temporary investments	\$ 10,802,923	\$ 10,435,425
Receivables		
Current taxes	7,999,380	7,732,393
Delinquent taxes	64,939	58,180
Due from other governmental units	<u>62,191</u>	<u>43,486</u>
Total assets	<u>\$ 18,929,433</u>	<u>\$ 18,269,484</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 16,613,702	\$ 16,081,540
Unavailable revenue – delinquent taxes	<u>64,939</u>	<u>58,180</u>
Total deferred inflows of resources	16,678,641	16,139,720
Fund balances		
Restricted for debt service	<u>2,250,792</u>	<u>2,129,764</u>
Total deferred inflows of resources and fund balances	<u>\$ 18,929,433</u>	<u>\$ 18,269,484</u>

INDEPENDENT SCHOOL DISTRICT NO. 719

Debt Service Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2022  
 (With Comparative Actual Amounts for the Year Ended June 30, 2021)

	2022		Over (Under) Budget	2021
	Budget	Actual		Actual
Revenue				
Local sources				
Property taxes	\$ 16,080,810	\$ 16,073,953	\$ (6,857)	\$ 15,410,262
Investment earnings	136,258	25,526	(110,732)	19,866
State sources	434,858	622,746	187,888	434,854
Total revenue	<u>16,651,926</u>	<u>16,722,225</u>	<u>70,299</u>	<u>15,864,982</u>
Expenditures				
Debt service				
Principal retirement	11,760,783	11,810,000	49,217	10,790,000
Interest and fiscal agent fees	4,734,423	4,900,118	165,695	5,429,892
Total expenditures	<u>16,495,206</u>	<u>16,710,118</u>	<u>214,912</u>	<u>16,219,892</u>
Excess (deficiency) of revenue over expenditures	156,720	12,107	(144,613)	(354,910)
Other financing sources (uses)				
Refunding bonds issued	12,540,000	12,540,000	-	-
Premium on bonds issued	1,903,921	1,903,921	-	-
Payments on debt refunding	(14,335,000)	(14,335,000)	-	-
Total other financing sources (uses)	<u>108,921</u>	<u>108,921</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 265,641</u>	121,028	<u>\$ (144,613)</u>	(354,910)
Fund balances				
Beginning of year		<u>2,129,764</u>		<u>2,484,674</u>
End of year		<u>\$ 2,250,792</u>		<u>\$ 2,129,764</u>

INDEPENDENT SCHOOL DISTRICT NO. 719

Internal Service Funds  
 Combining Statement of Net Position  
 as of June 30, 2022  
 (With Comparative Totals as of June 30, 2021)

	OPEB	Self-Insurance	Totals	
			2022	2021
<b>Assets</b>				
Current assets				
Cash and temporary investments	\$ -	\$ 10,121,625	\$ 10,121,625	\$ 8,339,484
Cash and investments held by trustee	8,097,234	-	8,097,234	8,319,077
Accounts and interest receivable	-	18,975	18,975	236,494
Total assets	8,097,234	10,140,600	18,237,834	16,895,055
Deferred outflow of resources				
OPEB plan deferments	706,514	-	706,514	672,079
<b>Liabilities</b>				
Current liabilities				
Claims payable	-	2,088,761	2,088,761	1,330,118
Unearned revenue	-	2,084,527	2,084,527	2,018,461
Total OPEB liability – due within one year	615,381	-	615,381	636,349
Long-term liabilities				
Total OPEB liability – due in more than one year	13,528,245	-	13,528,245	12,449,386
Total liabilities	14,143,626	4,173,288	18,316,914	16,434,314
Deferred inflows of resources				
OPEB plan deferments	202,383	-	202,383	254,017
<b>Net position</b>				
Unrestricted	\$ (5,542,261)	\$ 5,967,312	\$ 425,051	\$ 878,803

INDEPENDENT SCHOOL DISTRICT NO. 719

Internal Service Funds  
 Combining Statement of Revenue, Expenses, and Changes in Net Position  
 Year Ended June 30, 2022  
 (With Comparative Totals for the Year Ended June 30, 2021)

	OPEB	Self-Insurance	Totals	
			2022	2021
Operating revenue				
Charges for services				
Health insurance premiums	\$ -	\$ 15,944,217	\$ 15,944,217	\$ 14,779,659
Dental insurance premiums	-	773,829	773,829	781,493
Other revenue	-	-	-	503,546
Total operating revenues	-	16,718,046	16,718,046	16,064,698
Operating expenses				
Health insurance claim payments	-	13,668,797	13,668,797	13,048,480
Dental insurance claim payments	-	892,215	892,215	772,268
General administration fees	-	1,402,945	1,402,945	1,243,796
OPEB	1,324,730	-	1,324,730	1,159,848
Total operating expenses	1,324,730	15,963,957	17,288,687	16,224,392
Operating income (loss)	(1,324,730)	754,089	(570,641)	(159,694)
Nonoperating revenue				
Investment earnings (loss)	131,065	(14,176)	116,889	158,648
Change in net position	(1,193,665)	739,913	(453,752)	(1,046)
Net position				
Beginning of year	(4,348,596)	5,227,399	878,803	879,849
End of year	\$ (5,542,261)	\$ 5,967,312	\$ 425,051	\$ 878,803

INDEPENDENT SCHOOL DISTRICT NO. 719

Internal Service Funds  
 Combining Statement of Cash Flows  
 For the Year Ended June 30, 2022  
 (With Comparative Totals for the Year Ended June 30, 2021)

	OPEB	Self-Insurance	Totals	
			2022	2021
Cash flows from operating activities				
Health and dental insurance premiums	\$ -	\$ 17,001,631	\$ 17,001,631	\$ 15,401,089
Other revenue	-	-	-	503,546
Payments for general administrative fees	-	(1,402,945)	(1,402,945)	(1,243,796)
Payments for medical and dental claims and fees	-	(13,802,369)	(13,802,369)	(13,835,405)
OPEB benefit payments	(352,908)	-	(352,908)	(302,948)
Net cash flows from operating activities	(352,908)	1,796,317	1,443,409	522,486
Cash flows from investing activities				
Investment income received (lost)	131,065	(14,176)	116,889	158,648
Net change in cash and cash equivalents	(221,843)	1,782,141	1,560,298	681,134
Cash and cash equivalents				
Beginning of year	8,319,077	8,339,484	16,658,561	15,977,427
End of year	\$ 8,097,234	\$ 10,121,625	\$ 18,218,859	\$ 16,658,561
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ (1,324,730)	\$ 754,089	\$ (570,641)	\$ (159,694)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Changes in assets and liabilities				
Accounts receivable	-	217,519	217,519	(221,420)
Deferred outflow of resources	(34,435)	-	(34,435)	39,289
Claims payable	-	758,643	758,643	(14,657)
Unearned revenue	-	66,066	66,066	61,357
Total OPEB liability	1,057,891	-	1,057,891	703,013
Deferred inflows of resources	(51,634)	-	(51,634)	114,598
Net cash flows from operating activities	\$ (352,908)	\$ 1,796,317	\$ 1,443,409	\$ 522,486
Cash and cash equivalents are reported on the Statement of Net Position as follows:				
Cash and temporary investments	\$ -	\$ 10,121,625	\$ 10,121,625	\$ 8,339,484
Cash and investments held by trustee	8,097,234	-	8,097,234	8,319,077
Total cash and cash equivalents	\$ 8,097,234	\$ 10,121,625	\$ 18,218,859	\$ 16,658,561

STATISTICAL SECTION



## **STATISTICAL SECTION (UNAUDITED)**

This section of Independent School District No. 719, Prior Lake-Savage Area Schools' (the District) Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health. The following are the categories of the various schedules that are included in this section:

### **Contents**

#### **Financial Trends**

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

#### **Revenue Capacity**

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

#### **Debt Capacity**

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

#### **Demographic and Economic Information**

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

#### **Operating Indicators**

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

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

INDEPENDENT SCHOOL DISTRICT NO. 719

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

	Fiscal Year			
	2013	2014	2015	2016
Governmental activities				
Net investment in capital assets	\$ 28,232,974	\$ 30,340,820	\$ 39,239,879	\$ 44,446,753
Restricted	5,836,474	4,530,597	4,048,952	4,087,124
Unrestricted	12,771,512	14,832,471	(30,399,506)	(28,295,787)
	<u>\$ 46,840,960</u>	<u>\$ 49,703,888</u>	<u>\$ 12,889,325</u>	<u>\$ 20,238,090</u>
Total governmental activities net position				

Source: District's financial records

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 37,303,408	\$ 44,587,428	\$ 51,118,995	\$ 65,838,391	\$ 81,369,496	\$ 86,880,033
15,690,859	15,096,644	8,573,972	9,209,583	3,555,403	7,530,505
<u>(49,268,154)</u>	<u>(79,915,872)</u>	<u>(52,211,465)</u>	<u>(67,556,765)</u>	<u>(74,896,736)</u>	<u>(68,029,037)</u>
<u>\$ 3,726,113</u>	<u>\$(20,231,800)</u>	<u>\$ 7,481,502</u>	<u>\$ 7,491,209</u>	<u>\$ 10,028,163</u>	<u>\$ 26,381,501</u>

INDEPENDENT SCHOOL DISTRICT NO. 719

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

	Fiscal Year			
	2013	2014	2015	2016
<b>Expenses</b>				
Governmental activities				
Administration	\$ 2,539,802	\$ 2,638,630	\$ 3,006,654	\$ 2,839,813
District support services	1,304,980	1,282,023	3,412,459	3,995,135
Regular instruction	31,871,947	34,807,847	34,882,433	41,864,419
Vocational education instruction	585,877	575,454	661,684	672,640
Special education instruction	12,446,264	12,770,461	13,731,316	14,675,486
Instructional support services	5,830,014	5,728,525	4,627,197	5,325,192
Pupil support services	5,547,011	5,451,326	5,872,964	5,896,501
Sites and buildings	8,026,129	10,862,310	8,720,729	7,217,363
Fiscal and other fixed cost programs	214,070	245,674	284,226	297,788
Food service	3,535,957	3,657,662	3,833,698	4,196,927
Community service	5,095,133	5,184,565	4,741,489	5,700,378
Interest on long-term debt	4,857,587	6,321,276	5,524,589	4,468,070
Total governmental activities expenses	<u>81,854,771</u>	<u>89,525,753</u>	<u>89,299,438</u>	<u>97,149,712</u>
<b>Program revenue</b>				
Governmental activities				
Charges for services				
Administration	-	-	-	-
District support services	-	-	-	-
Regular instruction	568,799	603,493	550,982	726,420
Special education instruction	78,217	248,858	259,795	140,639
Instructional support services	-	-	-	-
Pupil support services	140,234	150,535	166,854	68,575
Food service	2,805,051	2,950,980	2,922,681	3,396,984
Community service	3,966,311	3,966,311	3,787,721	4,677,721
Operating grants and contributions	10,292,579	10,075,787	11,056,879	12,305,641
Capital grants and contributions	1,615,621	1,658,730	1,658,729	1,658,730
Total governmental activities program revenue	<u>19,466,812</u>	<u>19,654,694</u>	<u>20,403,641</u>	<u>22,974,710</u>
Net expense				
Governmental activities	<u>\$ (62,387,959)</u>	<u>\$ (69,871,059)</u>	<u>\$ (68,895,797)</u>	<u>\$ (74,175,002)</u>
<b>General revenues and other changes in net position</b>				
Governmental activities				
Property taxes				
General purposes and capital projects	\$ 12,500,473	\$ 7,482,156	\$ 13,056,857	\$ 13,444,590
Community service	593,366	299,563	626,969	588,822
Debt service	12,276,100	12,323,594	11,598,007	11,842,023
Unrestricted grants and contributions	42,786,447	52,023,850	51,286,812	54,951,265
Unrestricted investment earnings	148,994	162,345	203,237	209,657
Other general revenues	311,291	442,479	753,069	586,410
Total governmental activities	<u>\$ 68,616,671</u>	<u>\$ 72,733,987</u>	<u>\$ 77,524,951</u>	<u>\$ 81,622,767</u>
Change in net position	\$ 6,228,712	\$ 2,862,928	\$ 8,628,154	\$ 7,348,765
Net position – beginning	40,612,248	46,840,960	49,703,888	12,889,325
Prior period adjustments and changes in accounting principles	-	-	(45,442,717)	-
Net position – ending	<u>\$ 46,840,960</u>	<u>\$ 49,703,888</u>	<u>\$ 12,889,325</u>	<u>\$ 20,238,090</u>

Source: District's financial records

2017	2018	2019	2020	2021	2022
\$ 4,311,917	\$ 4,124,303	\$ 2,467,707	\$ 3,696,503	\$ 3,676,683	\$ 3,511,244
4,266,241	2,861,518	4,189,197	5,448,731	4,428,511	4,685,777
58,192,802	63,998,715	30,068,051	58,379,058	58,810,417	57,576,955
837,285	914,689	300,336	688,082	764,726	815,760
20,315,955	21,525,818	13,056,469	20,399,609	20,176,660	18,814,402
7,723,650	8,558,982	6,412,566	7,820,401	7,184,312	7,551,744
7,603,631	7,535,599	7,425,170	8,384,165	8,820,103	9,113,714
8,747,855	8,816,867	17,405,613	8,214,454	10,351,769	7,827,861
293,404	324,005	424,168	413,227	504,918	597,897
5,368,605	4,404,917	4,746,714	4,905,796	4,053,509	5,400,744
8,813,045	7,934,182	7,329,067	6,803,851	5,885,971	5,810,186
3,420,106	4,166,426	5,010,936	5,491,141	4,494,895	5,493,119
<u>129,894,496</u>	<u>135,166,021</u>	<u>98,835,994</u>	<u>130,645,018</u>	<u>129,152,474</u>	<u>127,199,403</u>
–	48,538	–	–	–	–
–	–	22	–	–	–
859,126	678,388	690,118	1,053,118	549,816	1,004,811
211,516	38	32,646	237,085	240,204	356,681
–	2,283	425	22,554	1,613	4,724
94,831	213,135	217,322	123,692	339,873	147,768
3,595,150	3,693,674	3,898,534	3,062,720	250,257	2,128,842
5,339,443	5,404,385	6,215,818	5,099,478	3,137,470	5,174,121
12,011,791	20,175,446	17,465,736	16,930,262	21,313,068	23,783,638
1,974,786	1,465,076	1,583,246	1,530,246	1,455,867	2,661,509
<u>24,086,643</u>	<u>31,680,963</u>	<u>30,103,867</u>	<u>28,059,155</u>	<u>27,288,168</u>	<u>35,262,094</u>
<u>\$ (105,807,853)</u>	<u>\$ (103,485,058)</u>	<u>\$ (68,732,127)</u>	<u>\$ (102,585,863)</u>	<u>\$ (101,864,306)</u>	<u>\$ (91,937,309)</u>
\$ 14,135,608	\$ 14,052,349	\$ 17,281,412	\$ 17,587,378	\$ 17,977,556	\$ 18,477,294
619,267	637,697	594,122	488,826	563,665	632,227
12,196,755	12,775,030	14,948,001	15,357,295	15,396,640	16,080,712
62,472,514	57,357,929	60,599,026	67,959,769	70,014,254	71,872,464
451,476	1,391,911	2,932,736	2,540,767	435,857	33,152
606,522	51,900	90,132	1,023,707	581,053	1,194,798
<u>\$ 90,482,142</u>	<u>\$ 86,266,816</u>	<u>\$ 96,445,429</u>	<u>\$ 104,957,742</u>	<u>\$ 104,969,025</u>	<u>\$ 108,290,647</u>
\$ (15,325,711)	\$ (17,218,242)	\$ 27,713,302	\$ 2,371,879	\$ 3,104,719	\$ 16,353,338
20,238,090	3,726,113	(20,231,800)	7,481,502	7,491,209	10,028,163
(1,186,266)	(6,739,671)	–	(2,362,172)	(567,765)	–
<u>\$ 3,726,113</u>	<u>\$ (20,231,800)</u>	<u>\$ 7,481,502</u>	<u>\$ 7,491,209</u>	<u>\$ 10,028,163</u>	<u>\$ 26,381,501</u>

INDEPENDENT SCHOOL DISTRICT NO. 719

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

	Fiscal Year			
	2013	2014	2015	2016
General Fund				
Nonspendable	\$ 454,439	\$ 427,131	\$ 339,077	\$ 260,373
Restricted	2,864,380	2,755,472	2,041,953	1,504,264
Assigned	4,858,093	4,281,994	3,788,540	3,377,026
Unassigned	4,639,768	5,476,712	5,101,753	7,461,996
Total General Fund	<u>12,816,680</u>	<u>12,941,309</u>	<u>11,271,323</u>	<u>12,603,659</u>
All other governmental funds				
Nonspendable	36,948	49,599	75,068	68,850
Restricted	20,392,279	58,410,622	3,506,751	28,530,221
Unassigned	—	—	—	—
Total all other governmental funds	<u>20,429,227</u>	<u>58,460,221</u>	<u>3,581,819</u>	<u>28,599,071</u>
Total all funds	<u>\$ 33,245,907</u>	<u>\$ 71,401,530</u>	<u>\$ 14,853,142</u>	<u>\$ 41,202,730</u>

Source: District's financial records

2017	2018	2019	2020	2021	2022
\$ 276,573	\$ 313,933	\$ 106,188	\$ 159,225	\$ 383,569	\$ 337,873
2,998,143	3,181,737	4,691,131	4,189,108	1,602,572	3,013,679
3,591,010	3,521,068	3,684,813	5,196,415	6,389,482	7,332,842
8,623,266	9,320,421	10,791,174	9,637,756	7,809,332	11,330,652
<u>15,488,992</u>	<u>16,337,159</u>	<u>19,273,306</u>	<u>19,182,504</u>	<u>16,184,955</u>	<u>22,015,046</u>
97,955	134,402	58,429	36,074	20,454	54,874
14,814,593	116,937,413	86,816,317	19,502,298	4,923,607	6,232,375
—	—	—	(60,522)	(205,224)	—
<u>14,912,548</u>	<u>117,071,815</u>	<u>86,874,746</u>	<u>19,477,850</u>	<u>4,738,837</u>	<u>6,287,249</u>
<u>\$ 30,401,540</u>	<u>\$ 133,408,974</u>	<u>\$ 106,148,052</u>	<u>\$ 38,660,354</u>	<u>\$ 20,923,792</u>	<u>\$ 28,302,295</u>

INDEPENDENT SCHOOL DISTRICT NO. 719

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

	Fiscal Year			
	2013	2014	2015	2016
<b>Revenues</b>				
Local sources				
Taxes	\$ 25,437,661	\$ 20,074,801	\$ 25,303,195	\$ 25,944,756
Investment earnings (losses)	55,585	53,275	84,550	74,084
Other	7,869,903	8,362,656	8,441,102	9,596,749
State sources	52,460,460	61,607,587	61,886,855	66,545,145
Federal sources	2,234,187	2,150,780	2,015,409	2,370,491
Total revenues	<u>88,057,796</u>	<u>92,249,099</u>	<u>97,731,111</u>	<u>104,531,225</u>
<b>Expenditures</b>				
Current				
Administration	2,565,950	2,833,719	3,055,111	2,947,937
District support services	1,254,200	1,295,669	2,858,468	3,386,416
Elementary and secondary regular instruction	28,627,105	32,789,161	36,427,518	38,404,368
Vocational education instruction	585,877	575,454	665,893	666,499
Special education instruction	12,525,730	13,287,188	13,912,768	14,638,752
Instructional support services	5,130,144	5,297,931	4,528,930	4,822,893
Pupil support services	5,566,546	5,539,546	5,872,939	5,869,699
Sites and buildings	6,646,224	5,403,969	5,307,435	5,339,001
Fiscal and other fixed cost programs	214,070	245,674	284,226	297,788
Food service	3,401,848	3,507,316	3,750,933	4,042,564
Community service	5,019,746	5,187,145	4,743,472	5,605,924
Capital outlay	5,769,484	22,474,291	16,073,550	3,822,075
Debt service				
Principal	6,990,000	8,224,303	8,993,067	7,600,341
Interest and fiscal charges	5,767,520	5,600,179	7,304,333	5,111,732
Total expenditures	<u>90,064,444</u>	<u>112,261,545</u>	<u>113,778,643</u>	<u>102,555,989</u>
Excess (deficiency) of revenues over expenditures	(2,006,648)	(20,012,446)	(16,047,532)	1,975,236
<b>Other financing sources (uses)</b>				
Sale of equipment	-	-	19,144	-
Issuance of lease	547,305	11,170,000	-	-
Issuance of bonds and certifications of participation	17,880,000	42,400,000	-	21,400,000
Premium on bonds issued	334,335	4,598,069	-	3,004,352
Payments on refunded debt	(19,750,000)	-	(40,520,000)	-
Transfers in	400,877	75,047	-	-
Transfers out	(400,877)	(75,047)	-	-
Total other financing sources (uses)	<u>(988,360)</u>	<u>58,168,069</u>	<u>(40,500,856)</u>	<u>24,404,352</u>
Net change in fund balances	(2,995,008)	38,155,623	(56,548,388)	26,379,588
Fund balance – beginning	36,240,915	33,245,907	71,401,530	14,853,142
Prior period adjustments and changes in accounting principles	-	-	-	-
Fund balance – ending	<u>\$ 33,245,907</u>	<u>\$ 71,401,530</u>	<u>\$ 14,853,142</u>	<u>\$ 41,232,730</u>
Debt service as a percentage of noncapital expenditures	<u>14.70%</u>	<u>10.60%</u>	<u>10.00%</u>	<u>12.40%</u>

Source: District's financial records

2017	2018	2019	2020	2021	2022
\$ 27,021,325	\$ 27,463,995	\$ 32,755,073	\$ 33,407,289	\$ 33,968,089	\$ 35,172,400
313,752	1,220,389	2,696,733	2,314,809	277,209	(83,737)
10,706,588	11,160,194	11,809,011	10,647,716	5,328,850	10,000,079
71,771,894	75,261,765	79,829,862	82,797,941	83,338,346	89,444,945
2,249,215	2,686,753	2,610,518	3,571,612	8,987,715	8,895,998
<u>112,062,774</u>	<u>117,793,096</u>	<u>129,701,197</u>	<u>132,739,367</u>	<u>131,900,209</u>	<u>143,429,685</u>
3,290,901	3,106,186	3,342,384	3,388,129	3,422,971	3,577,568
3,002,180	3,395,533	3,352,532	5,749,775	5,643,134	4,940,543
41,850,206	45,011,355	46,037,634	48,890,812	48,087,571	51,495,485
629,187	684,120	522,227	634,312	707,129	825,804
15,424,027	16,672,827	17,589,772	18,758,254	18,783,076	19,199,554
4,985,570	5,981,560	6,853,603	6,899,808	7,533,434	7,764,547
6,794,084	6,911,160	7,949,447	8,164,678	8,537,288	9,192,927
5,771,362	10,591,372	15,407,866	10,712,642	13,905,920	8,898,820
293,404	324,005	424,168	413,227	504,918	597,897
4,406,833	4,369,240	4,796,737	4,896,923	4,974,444	5,469,849
6,799,019	7,295,691	7,857,141	6,523,447	5,736,941	6,021,195
4,216,840	6,536,137	26,495,910	69,499,392	13,915,667	909,842
8,756,057	8,912,571	9,969,916	10,908,381	11,641,497	12,852,187
5,129,241	4,658,488	6,401,914	6,148,904	5,675,016	5,119,918
<u>111,348,911</u>	<u>124,450,245</u>	<u>157,001,251</u>	<u>201,588,684</u>	<u>149,069,006</u>	<u>136,866,136</u>
713,863	(6,657,149)	(27,300,054)	(68,849,317)	(17,168,797)	6,563,549
–	–	39,132	–	–	–
–	–	–	7,400,875	–	706,033
11,480,000	107,639,049	–	10,640,000	–	12,540,000
1,244,947	2,025,534	–	920,184	–	1,903,921
(24,270,000)	–	–	(18,118,447)	–	(14,335,000)
–	10,000	–	–	–	–
–	(10,000)	–	–	–	–
<u>(11,545,053)</u>	<u>109,664,583</u>	<u>39,132</u>	<u>842,612</u>	<u>–</u>	<u>814,954</u>
(10,831,190)	103,007,434	(27,260,922)	(68,006,705)	(17,168,797)	7,378,503
41,232,730	30,401,540	133,408,974	106,148,052	38,660,354	20,923,792
–	–	–	519,007	(567,765)	–
<u>\$ 30,401,540</u>	<u>\$133,408,974</u>	<u>\$106,148,052</u>	<u>\$ 38,660,354</u>	<u>\$ 20,923,792</u>	<u>\$ 28,302,295</u>
<u>10.10%</u>	<u>8.20%</u>	<u>12.91%</u>	<u>13.36%</u>	<u>13.62%</u>	<u>13.43%</u>

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INDEPENDENT SCHOOL DISTRICT NO. 719

Net Tax Capacity and Valuation of All Taxable Property  
 Last Ten Fiscal Years  
 (Modified Accrual Basis of Accounting)

For Taxes Collectible	Agricultural	Nonagricultural	Fiscal Disparities		Tax Increment Valuation	Taxable Valuation
			Contribution	Distribution		
2013	\$ 495,974	\$ 41,599,508	\$ (1,949,749)	\$ 4,001,667	\$ (434,191)	\$ 43,713,209
2014	540,763	42,942,854	(1,910,156)	3,895,580	(431,266)	45,037,775
2015	572,038	46,428,144	(1,884,660)	4,046,085	(441,042)	48,720,565
2016	661,307	49,765,855	(2,069,686)	4,288,582	(470,937)	52,175,121
2017	601,261	51,010,882	(2,098,655)	4,674,702	(496,771)	53,691,419
2018	601,264	50,293,799	(2,171,401)	4,974,333	(691,765)	53,006,230
2019	610,917	54,396,763	(2,080,066)	5,247,709	(920,684)	57,254,639
2020	643,530	65,513,818	(2,321,171)	5,706,676	(1,113,480)	68,429,373
2021	631,707	70,442,312	(2,623,148)	6,242,423	(1,234,765)	73,458,529
2022	643,532	75,667,857	(2,960,847)	6,705,016	(1,343,894)	78,711,664

Source: School Tax Report from County Auditor's Office

INDEPENDENT SCHOOL DISTRICT NO. 719

Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years

Tax Year	ISD No. 719 Direct Rate (1)				Overlapping Rates		
	General Fund	Community Service Fund	Debt Service Fund	Total	Scott County	City of Prior Lake	City of Savage
2013	5.820	1.340	28.360	35.520	40.674	31.887	55.508
2014	8.990	1.330	24.252	34.572	39.720	30.736	55.278
2015	7.300	1.200	24.138	32.638	36.638	31.988	51.743
2016	7.580	1.190	23.458	32.228	36.175	31.953	49.905
2017	7.580	1.190	23.460	32.230	35.896	32.685	47.840
2018	7.580	1.190	23.460	32.230	35.114	33.040	47.117
2019	7.580	1.190	23.460	32.230	33.841	33.020	44.474
2020	5.625	0.835	22.784	29.244	32.718	32.496	42.357
2021	6.038	0.884	19.292	28.784	31.025	30.265	42.254
2022	5.939	0.895	21.047	27.881	30.492	30.465	40.326

(1) Tax capacity rate method

Source: Overlapping rate data provided by the District's financial advisor, Ehlers & Associates, and Scott County. School direct rate is taken from the District's annual financial reports.

<u>Credit River Township</u>	<u>Sand Creek Township</u>	<u>Spring Lake Township</u>	<u>Prior Lake- Spring Lake Watershed District</u>	<u>Scott County CDA</u>	<u>Prior Lake EDA</u>	<u>Metropolitan Council</u>	<u>Total Direct and Overlapping Tax Rate</u>
–	–	–	2.101	1.724	0.625	1.017	169.056
–	–	–	2.058	1.685	0.551	1.034	165.634
–	–	–	2.435	1.571	0.551	0.959	158.523
–	–	–	3.157	1.642	–	0.921	155.981
14.017	17.761	15.251	3.401	1.639	–	0.850	201.570
14.864	17.837	15.081	4.356	1.617	–	0.853	202.109
13.809	16.583	13.162	4.006	1.589	–	0.679	193.393
14.365	17.737	13.260	3.741	1.594	–	0.609	188.121
15.039	17.111	13.408	3.460	1.590	–	0.634	183.570
15.563	17.687	13.278	3.348	1.597	–	0.650	181.287

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INDEPENDENT SCHOOL DISTRICT NO. 719

Principal Property Taxpayers  
Current Year and Nine Years Ago

Taxpayer	2022			2013		
	Tax Capacity	Rank	Percentage of Tax Capacity Value	Tax Capacity	Rank	Percentage of Tax Capacity Value
Continental 298 Fund LLC	\$ 675,000	1	0.86 %	\$ -	-	- %
CenterPoint Energy Resource	445,517	2	0.57	182,462	5	0.42
BRE Retail Residual Owner 4 LLC	365,788	3	0.46	270,785	2	0.62
Shepherd's Path Senior Housing	363,995	4	0.46	270,520	3	0.62
Lake Ridge Apartments, LLC	328,125	5	0.42	-	-	-
Target Corporation	259,250	6	0.33	274,250	1	0.63
Keystone Communities of Prior Lake, LLC	237,500	7	0.30	150,000	7	0.34
Prior Lake Leased Housing Associates I, LLLP	218,500	8	0.28	-	-	-
Savage Station LLC	217,370	9	0.28	-	-	-
Bealmake Partners, LLC	202,210	10	0.26	149,550	8	0.34
MN Savage 16 LLC and Vanguard Advisors LLC	-	-	-	208,500	4	0.48
Minnesota Valley Electric Cooperative	-	-	-	155,674	6	0.36
Life Time Fitness Center	-	-	-	119,250	9	0.27
Jeffers Pond Foundation	-	-	-	102,550	10	0.23
<b>Total</b>	<b>\$ 3,313,255</b>		<b>4.21 %</b>	<b>\$ 1,883,541</b>		<b>4.31 %</b>

Source: Data provided by the District's financial advisor, Ehlers & Associates, and Scott County

INDEPENDENT SCHOOL DISTRICT NO. 719

Property Tax Levies and Collections  
Last Ten Fiscal Years

Tax Year	Taxes Levied for the Fiscal Year			Total Tax Levy (1)	Property Credits/ Aids and Adjustments	Adjusted Tax Levy
	General Fund	Community Service Fund	Debt Service Fund			
2013	\$ 12,260,114	\$ 585,882	\$ 12,358,010	\$ 25,204,006	\$ (8,067)	\$ 25,195,939
2014	13,088,481	597,882	11,605,207	25,291,570	(7,772)	25,283,798
2015	13,239,027	590,036	11,866,157	25,695,220	(12,003)	25,683,217
2016	14,030,608	621,944	12,249,878	26,902,430	(12,036)	26,890,394
2017	14,138,686	643,470	12,890,347	27,672,503	(11,493)	27,661,010
2018	17,176,096	596,039	15,038,943	32,811,078	(59,090)	32,751,988
2019	17,590,862	483,922	15,308,928	33,383,712	(55,717)	33,327,995
2020	17,544,258	573,930	15,611,221	33,729,409	(65,871)	33,663,538
2021	18,297,108	650,625	16,087,959	35,035,692	(10,114)	35,025,578
2022	18,618,013	706,870	16,680,126	36,005,009	(71,998)	35,933,011

(1) State credits are included in the operative levy.

Source: Data provided by the District's financial advisor, Ehlers & Associates, the District's annual financial reports, and Scott County

Collected Within the Fiscal Year of Levy		Collections/ Adjustment in Subsequent Years	Total Tax Collections to Date		Outstanding Current and Delinquent Taxes	Percentage of Adjusted Tax Levy
Current Tax Collection	Percentage of Levy		Total Tax Collection	Percentage of Adjusted Tax Levy		
\$ 12,673,465	50.3 %	\$ 12,522,474	\$ 25,195,939	100.0 %	\$ -	- %
12,473,681	49.3	12,810,117	25,283,798	100.0	-	-
12,641,912	49.2	13,041,305	25,683,217	100.0	-	-
13,137,431	48.9	13,749,693	26,887,124	99.9	3,270	-
13,522,951	48.9	14,130,030	27,652,981	99.9	8,029	-
14,929,190	45.6	17,800,183	32,729,373	99.8	22,615	0.1
16,157,776	48.5	17,149,387	33,307,163	99.8	20,832	0.1
17,165,905	51.0	16,469,387	33,635,292	99.7	28,250	0.1
18,197,475	52.0	16,766,966	34,964,441	99.8	61,137	0.2
18,650,574	51.9	-	18,650,574	51.8	17,282,437	48.1

INDEPENDENT SCHOOL DISTRICT NO. 719

Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Financed Purchases and Leases			
2013	\$ 132,519,355	\$ 533,022	\$ 133,052,377	304.0 %	\$ 2,606
2014	170,643,325	11,673,719	182,317,044	405.0	3,395
2015	119,662,618	11,285,652	130,948,270	269.0	2,387
2016	136,247,465	10,720,311	146,967,776	282.0	2,657
2017	115,281,866	10,134,254	125,416,120	234.0	2,247
2018	215,470,437	9,526,683	224,997,120	424.0	3,941
2019	204,959,426	8,896,767	213,856,193	374.0	3,669
2020	195,739,345	8,795,814	204,535,159	298.9	3,429
2021	183,902,479	7,944,317	191,846,796	261.2	3,173
2022	171,788,002	8,143,372	179,931,374	228.6	2,982

(1) As personal income information for residents living within the District is not available, estimated actual value of taxable property was used as the denominator in this ratio.

Note: Details regarding the District's outstanding debt can be found in the notes to basic financial statements.

Source: Data is taken from the District's annual financial reports

INDEPENDENT SCHOOL DISTRICT NO. 719

Computation of Direct and Overlapping Bonded Debt  
June 30, 2022

	General Obligation Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
Overlapping			
Scott County	\$ 115,680,000	31.9 %	\$ 36,864,551
Cities			
Prior Lake	32,760,000	95.7	31,344,399
Savage	39,830,000	47.5	18,901,295
Townships			
Cedar Lake	-	-	-
Credit River	3,270,000	35.0	1,143,278
Sand Creek	175,000	1.0	1,786
Spring Lake	1,768,000	62.6	1,107,223
Special taxing districts			
Metropolitan Council	1,897,693,968	32.6	617,861,882
Scott County CDA	47,355,000	31.9	15,090,948
Prior Lake-Spring Lake Watershed	-		-
Total overlapping debt			<u>722,315,361</u>
Direct			
Independent School District No. 719, Prior Lake-Savage	179,931,374	100.0	<u>179,931,374</u>
Total direct and overlapping bonded debt			<u><u>\$ 902,246,735</u></u>

Source: Data provided by overlapping entities as of December 31, 2021. No current data is available.

INDEPENDENT SCHOOL DISTRICT NO. 719

Legal Debt Margin Information  
Last Ten Fiscal Years

	Fiscal Year			
	2013	2014	2015	2016
Debt limit	\$ 587,192,010	\$ 607,831,200	\$ 658,042,695	\$ 706,827,915
Total net debt applicable to the limit	<u>133,052,377</u>	<u>182,317,044</u>	<u>130,948,270</u>	<u>146,967,776</u>
Legal debt margin	<u>\$ 454,139,633</u>	<u>\$ 425,514,156</u>	<u>\$ 527,094,425</u>	<u>\$ 559,860,139</u>
Total net debt applicable to the limit as a percentage of debt limit	22.66%	29.99%	19.90%	20.79%

Source: Data provided by the District's financial advisor, Ehlers & Associates, and Scott County

2017	2018	2019	2020	2021	2022
\$ 729,767,535	\$ 795,426,720	\$ 859,100,355	\$ 922,913,955	\$ 984,128,595	\$ 1,055,448,639
125,416,120	224,997,120	209,545,000	198,660,000	187,870,000	174,265,000
<u>\$ 604,351,415</u>	<u>\$ 570,429,600</u>	<u>\$ 649,555,355</u>	<u>\$ 724,253,955</u>	<u>\$ 796,258,595</u>	<u>\$ 881,183,639</u>
17.19%	28.29%	24.39%	21.53%	19.09%	16.51%

Legal Debt Margin Calculation for Fiscal Year 2022

Market value	\$ 7,036,324,261
Debt limit (15% of market value)	1,055,448,639
Debt applicable to the limit	
General obligation bonds	<u>174,265,000</u>
Legal debt margin	<u>\$ 881,183,639</u>

INDEPENDENT SCHOOL DISTRICT NO. 719

Ratio of Net Bonded Debt to Assessed Value and Per Capita  
Last Ten Fiscal Years

Fiscal Year	Outstanding Bonded Debt	Balance on Hand	Net Bonded Debt	Estimated Actual Value of Taxable Property	Percent of Net Debt to Estimated Taxable Property	Estimated Population	Net Debt per Capita
2013	\$ 132,519,355	\$ 33,245,907	\$ 99,273,448	\$ 4,016,674,700	2.5 %	51,055	\$ 1,944
2014	170,643,325	77,191,233	93,452,092	4,143,601,000	2.3	53,700	1,740
2015	119,662,618	1,438,402	118,224,216	4,456,780,100	2.7	54,850	2,155
2016	136,247,465	26,050,216	110,197,249	4,764,590,700	2.3	55,306	1,993
2017	115,281,866	1,329,278	113,952,588	4,920,507,700	2.3	55,805	2,042
2018	215,470,437	2,007,932	213,462,505	5,345,012,000	4.0	57,096	3,739
2019	206,052,236	2,257,168	203,795,068	5,745,036,100	3.5	58,292	3,496
2020	195,739,345	2,484,674	193,254,671	6,152,759,700	3.1	59,655	3,240
2021	183,902,479	2,129,764	181,772,715	6,560,857,300	2.8	60,463	3,006
2022	171,788,002	2,250,792	169,537,210	7,036,324,261	2.4	60,348	2,809

INDEPENDENT SCHOOL DISTRICT NO. 719

Demographic and Economic Statistics  
Last Ten Fiscal Years

Fiscal Year	Prior Lake Population	Savage Population	Personal Income (1)	Per Capita Personal Income (1)	Enrollment	Unemployment Rate (1)
2013	23,261	27,794	\$ -	\$ -	7,211	- %
2014	24,700	29,000	-	-	7,402	-
2015	25,440	29,410	-	-	7,590	-
2016	25,282	30,024	-	-	7,971	-
2017	25,520	30,285	-	-	8,386	-
2018	25,735	31,361	-	-	8,606	-
2019	26,135	32,157	-	-	8,820	-
2020	27,005	32,650	-	-	8,877	-
2021	27,500	32,963	-	-	8,790	-
2022	27,832	32,516	-	-	8,851	-

(1) Personal income and unemployment information for residents living within the District is not available.

Source: Metropolitan Council (data center department and website), cities of Prior Lake and Savage, the District's annual financial reports, and the Minnesota Department of Education

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INDEPENDENT SCHOOL DISTRICT NO. 719

Principal Employers  
Current Year and Nine Years Ago

Employer	2022		2013	
	Employees	Rank	Employees	Rank
Shakopee Mdewakanton Sioux Community	4,500	1	3,500	1
ISD No. 719, Prior Lake-Savage	1,250	2	969	2
Fabcon, Inc.	275	3	275	5
Life Time Fitness Center	250	4	250	6
Hy-Vee	200	5	–	–
Master Electric Company	200	5	–	–
Target	200	5	400	3
Silgan Containers, LLC	145	8	–	–
Rollx Vans	120	9	–	–
Cub Foods	100	10	100	9
Continental Hydraulics	–	–	356	4
Dakotah! Sport and Fitness Center	–	–	150	7
The Wild's	–	–	150	7
City of Prior Lake	–	–	85	10
	<u>7,240</u>		<u>6,235</u>	

Note: Total employment for the area served by ISD No. 719, Prior Lake-Savage, is not available and, therefore, a percentage of total employment for each of the employers listed above is not included.

Sources: Minnesota Department of Employment and Economic Development and the District's financial advisor, Ehler's & Associates

INDEPENDENT SCHOOL DISTRICT NO. 719

Full-Time Equivalent District Employees by Type  
Last Ten Fiscal Years

	Fiscal Year			
	2013	2014	2015	2016
<b>Administrative staff</b>				
Superintendent	1.0	1.0	1.0	1.0
Principals	10.0	10.0	9.0	9.0
Directors	-	-	-	-
Administrative assistants	6.0	6.0	6.0	6.0
Supervisory coordinator	1.0	1.0	3.0	3.0
Total administrative staff	<u>18.0</u>	<u>18.0</u>	<u>19.0</u>	<u>19.0</u>
<b>Support service staff</b>				
Other noninstructional staff	11.5	23.4	23.0	26.7
Counselors	8.8	9.0	10.0	10.0
Media/librarian	6.4	6.3	7.0	6.9
Nurse	5.0	5.0	5.0	5.0
Social worker	10.1	10.5	10.4	10.3
Psychologists	4.0	5.0	5.0	4.1
Total support service staff	<u>45.8</u>	<u>59.2</u>	<u>60.4</u>	<u>63.0</u>
<b>Special education teachers</b>				
Speech language	12.6	13.0	14.1	13.6
Other special education teacher	46.7	48.0	51.5	52.0
Total special education teachers	<u>59.3</u>	<u>61.0</u>	<u>65.6</u>	<u>65.6</u>
<b>Classroom teachers</b>				
K-12 teacher	277.5	291.1	304.4	310.7
Vocational education teacher	-	-	0.2	-
Pre-K, ECFE, and other teacher	20.0	23.0	24.0	25.0
Total classroom teachers	<u>297.5</u>	<u>314.1</u>	<u>328.6</u>	<u>335.7</u>
<b>Total licensed positions</b>	<u><u>420.6</u></u>	<u><u>452.3</u></u>	<u><u>473.6</u></u>	<u><u>483.3</u></u>

Source: MDE STARS data

2017	2018	2019	2020	2021	2022
1.0	1.0	1.0	1.0	1.0	1.0
9.0	9.0	9.0	10.0	10.0	10.0
-	-	-	5.0	6.0	6.0
6.0	6.0	6.0	14.5	14.5	11.0
3.0	8.6	10.0	11.4	10.8	11.3
19.0	24.6	26.0	41.9	42.3	39.3
36.5	48.0	51.6	25.9	21.6	29.8
10.5	10.0	10.5	10.0	10.4	10.5
7.2	7.6	7.2	7.6	8.9	7.2
5.0	5.0	4.5	5.0	3.8	3.0
11.0	11.0	11.0	10.5	10.5	12.5
6.0	6.0	6.1	6.1	6.1	6.1
76.2	87.6	90.9	65.1	61.3	69.1
13.4	13.5	12.4	13.3	13.3	14.4
58.9	77.8	89.9	60.4	65.1	74.4
72.3	91.3	102.3	73.7	78.4	88.8
326.4	351.8	364.4	396.5	359.5	377.8
0.2	-	-	5.2	5.5	10.9
26.0	29.9	11.8	20.3	9.4	18.1
352.6	381.7	376.2	422.0	374.4	406.7
520.1	585.2	595.4	602.7	556.4	603.9

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INDEPENDENT SCHOOL DISTRICT NO. 719

Operating Statistics  
Last Ten Fiscal Years

<u>Year Ended June 30,</u>	<u>Enrollment</u>	<u>Total Governmental Funds Expenditures</u>	<u>Cost per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil-Teacher Ratio</u>
2013	7,211	\$ 90,064,444	\$ 12,490	6.1 %	356.8	20.2
2014	7,402	112,261,545	15,166	21.4	375.1	19.7
2015	7,590	113,778,643	14,991	(1.2)	394.2	19.3
2016	7,971	102,555,989	12,866	(14.2)	401.3	19.9
2017	8,386	111,348,911	13,278	3.2	424.9	19.7
2018	8,606	124,450,245	14,461	8.9	473.0	18.2
2019	8,820	157,001,251	17,801	23.1	478.5	18.4
2020	8,877	201,588,684	22,709	27.6	495.7	17.9
2021	8,790	149,069,006	16,959	(25.3)	422.0	20.8
2022	8,851	136,866,136	15,463	(8.8)	603.9	14.7

Source: District records and teaching staff numbers from the MDE STARS data

INDEPENDENT SCHOOL DISTRICT NO. 719

Building Information  
as of June 30, 2022

School	Fiscal Year			
	2013	2014	2015	2016
<b>Elementary</b>				
<b>WestWood</b>				
Square feet	82,426	82,426	82,426	82,426
Capacity	630	630	630	630
Enrollment (1)	494.80	530.95	566.55	571.91
<b>Five Hawks</b>				
Square feet	67,940	67,940	67,940	67,940
Capacity	635	635	635	635
Enrollment (1)	481.95	525.31	572.36	554.40
<b>LODL at Grainwood (Formerly Grainwood)</b>				
Square feet	72,835	72,835	72,835	72,835
Capacity	585	585	585	585
Enrollment (1)	345.06	337.61	334.42	337.87
<b>Glendale</b>				
Square feet	90,624	90,624	90,624	90,624
Capacity	680	680	680	680
Enrollment (1)	5.66	567.92	579.34	592.21
<b>Jeffers Pond</b>				
Square feet	90,011	90,011	90,011	90,011
Capacity	635	635	635	635
Enrollment (1)	502.85	492.73	512.68	541.68
<b>Hamilton Ridge Elementary</b>				
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment (1)	-	-	-	-
<b>Redtail Ridge</b>				
Square feet	90,011	90,011	90,011	90,011
Capacity	660	660	660	660
Enrollment (1)	564.54	609.08	651.31	679.63
<b>Middle</b>				
<b>Prior Lake-Savage Middle School</b>				
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment (1)	-	-	-	-
<b>Hidden Oaks</b>				
Square feet	184,310	184,310	184,310	184,310
Capacity	1,008	1,008	1,008	1,008
Enrollment (1)	908.87	908.19	916.13	963.85
<b>Twin Oaks (Formerly Oakridge 1969)</b>				
Square feet	214,939	214,939	214,939	214,939
Capacity	1,008	784	784	784
Enrollment (1)	737.42	831.97	857.86	879.57
<b>High School</b>				
<b>Bridges Area Learning Center</b>				
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment (1)	-	-	-	-
<b>Prior Lake</b>				
Square feet	354,635	354,635	387,635	387,635
Capacity	2,000	2,000	2,250	2,250
Enrollment (1)	2,135.84	2,269.74	2,344.81	2,514.20
<b>Preschool (EC-K)</b>				
<b>Edgewood</b>				
Square feet	50,575	50,575	50,575	50,575
Capacity	360	360	360	360
Enrollment (1)	195.79	207.45	111.98	182.40
<b>Administration District Service Center (1994) (was Ponds Edge Kindergarten 1994)</b>				
Square feet	20,606	20,606	20,606	20,606
<b>Total</b>				
Square feet	1,318,912	1,318,912	1,351,912	1,351,912
Capacity	8,201	7,977	8,227	8,227
Enrollment (1)	6,372.78	7,280.95	7,447.44	7,817.72
<b>Athletics</b>				
Football fields	7	7	7	7
Soccer fields	10	10	10	10
Running tracks	2	2	2	2
Softball fields	16	16	16	16
Swimming pools	2	2	2	2
Playgrounds	10	10	10	10

(1) Enrollment reflects ADM served by site. Resident students served under tuition agreements are excluded from this enrollment data.

Source: Square footage obtained from the MDE website. The capacity was obtained from Wold Architects. Enrollment was obtained from a combination of the District's records and school ADM reports available on the MDE website. The athletic statistics are derived from the District's records.

2017	2018	2019	2020	2021	2022
82,426	82,426	82,426	78,373	82,426	77,688
598	598	598	690	682	682
631.67	566.02	517.61	498.52	574.44	524.87
67,940	67,940	67,940	67,385	67,940	67,940
621	621	621	621	635	635
592.71	584.34	568.07	559.99	482.97	486.61
72,835	72,835	72,835	74,486	74,486	74,486
414	414	414	437	541	541
372.82	415.56	462.82	446.75	378.40	405.69
90,624	90,624	90,624	90,624	90,624	90,624
644	644	644	644	658	658
582.28	586.56	669.61	652.41	569.82	559.19
90,011	90,011	90,011	95,530	93,939	93,939
575	575	575	690	705	705
574.50	598.66	580.23	579.69	556.28	584.11
-	-	-	-	98,563	98,563
-	-	-	-	705	705
-	-	-	-	507.09	546.39
90,011	90,011	90,011	93,654	92,382	92,382
598	598	598	690	705	705
722.03	753.30	689.91	706.14	558.05	592.23
-	-	-	-	-	444,920
-	-	-	-	-	2,475
-	-	-	-	-	2,075
184,310	184,310	184,310	208,641	208,641	-
1,119	1,119	1,119	1,333	1,333	-
1,017.76	989.43	1,068.50	1,096.80	1,101.13	-
214,939	214,939	214,939	221,066	236,279	-
928	928	928	1,142	1,142	-
955.88	981.12	1,009.47	1,043.43	1,060.07	-
-	-	-	-	14,055	14,055
-	-	-	-	140	140
-	-	-	-	119.22	96.13
387,635	387,635	387,635	520,175	553,248	553,248
2,530	2,530	2,530	2,530	3,400	3,400
2,523.63	2,639.81	2,682.41	2,676.64	2,763.47	2,816.72
50,575	50,575	50,575	59,414	59,414	59,414
230	230	230	230.0	235.0	235.0
271.60	347.57	418.45	460.23	63.7	65.4
20,606	20,606	20,606	20,606	20,606	20,606
1,351,912	1,351,912	1,351,912	1,529,954	1,692,603	1,687,865
8,257	8,257	8,257	9,007	10,881	10,881
8,244.88	8,462.37	8,667.08	8,720.60	8,734.62	8,752.71
6	6	6	6	6	6
11	11	11	13	13	13
3	3	3	3	3	3
14	14	14	14	14	14
2	2	2	2	2	2
10	10	10	10	10	10

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