

PRELIMINARY OFFICIAL STATEMENT DATED MAY 2, 2024

In the opinion of Kennedy & Graven, Chartered, Bond Counsel to the District, based on present federal and Minnesota laws, regulations, rulings and decisions (which exclude any pending legislation which may have a retroactive effect) and, assuming compliance with certain covenants set forth in the resolution approving the issuance of the Bonds, interest to be paid on the Bonds is excludable from gross income for federal income tax purposes and, to the same extent, is excludable from taxable net income of individuals, trusts, and estates for Minnesota income tax purposes, and is not a preference item for purposes of computing the federal alternative minimum tax or the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. However, such interest is included in determining the adjusted financial statement income of applicable corporations for purposes of computing the alternative minimum tax imposed on such applicable corporations and is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. No opinion will be expressed by Bond Counsel regarding the other state or federal tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds. See "TAX EXEMPTION" herein.

The District will NOT designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265 of the Internal Revenue Code of 1986, as amended, which permits financial institutions to deduct interest expenses allocable to the Bonds to the extent permitted under prior law.

Refunding Issue

Rating Application Made: Moody's Investors Service, Inc.

INDEPENDENT SCHOOL DISTRICT NO. 16 (SPRING LAKE PARK SCHOOLS), MINNESOTA (Anoka County)

(Minnesota School District Credit Enhancement Program)

\$16,220,000* GENERAL OBLIGATION SCHOOL BUILDING REFUNDING BONDS, SERIES 2024A

PROPOSAL OPENING: May 14, 2024, 9:30 A.M., C.T.

CONSIDERATION: May 14, 2024, 7:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$16,220,000* General Obligation School Building Refunding Bonds, Series 2024A (the "Bonds") are authorized pursuant to Minnesota Statutes, Chapter 475, including Minnesota Statutes, Section 475.67, subd. 3, as amended, by Independent School District No. 16 (Spring Lake Park Schools), Minnesota (the "District"), for the purpose of effecting a current refunding of certain outstanding general obligations of the District as more fully described herein. The Bonds will be general obligations of the District for which its full faith and credit and taxing powers are pledged. Delivery is subject to receipt of an approving legal opinion of Kennedy & Graven, Chartered, Minneapolis, Minnesota.

DATE OF BONDS: June 6, 2024

MATURITY: February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2025	\$3,240,000	2027	\$3,170,000	2029	\$3,475,000
2026	3,010,000	2028	3,325,000		

***MATURITY ADJUSTMENTS:** The District reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BONDS: See "Term Bond Option" herein.

INTEREST: February 1, 2025 and semiannually thereafter.

OPTIONAL REDEMPTION: The Bonds are being offered without option of prior optional redemption.

MINIMUM PROPOSAL: \$16,057,800.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$324,400 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation.

ESCROW AGENT: Zions Bancorporation, National Association.

BOND COUNSEL: Kennedy & Graven, Chartered.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

BOOK-ENTRY-ONLY: See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a Final Official Statement.



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REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representation other than those contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. ***This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Preliminary Official Statement is not to be construed as a contract with the Underwriter (Syndicate Manager). Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the District and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers and Associates, Inc., payable entirely by the District, is contingent upon the delivery of the Bonds.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

Preliminary Official Statement: This Preliminary Official Statement was prepared for the District for dissemination to potential investors. Its primary purpose is to disclose information regarding the Bonds to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

Review Period: This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

Final Official Statement: Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the District is required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Bonds, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Bonds; (3) a certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Bonds, (b) neither the corporate existence or boundaries of the District nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the District which indicates that the District does not expect to use the proceeds of the Bonds in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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SPRING LAKE PARK SCHOOLS SCHOOL BOARD

		<u>Term Expires</u>
Tony Easter	Board Chair	January 2028
Amy Hennen	Vice Chair	January 2028
Marilynn Forsberg	Clerk	January 2026
Sam Villella	Treasurer	January 2026
Melody Skelly	Parliamentarian	January 2026
Kelly McClellan	Member	January 2028
Allie Schmidt	Member	January 2028

ADMINISTRATION

Jeff Ronneberg, Superintendent of Schools
Amy Schultz, Director of Business Services

PROFESSIONAL SERVICES

Kennedy & Graven, Chartered, Bond Counsel, Minneapolis, Minnesota

Ehlers and Associates, Inc., Municipal Advisors, Roseville, Minnesota
(Other office located in Waukesha, Wisconsin)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding Independent School District No. 16 (Spring Lake Park Schools), Minnesota (the "District") and the issuance of its \$16,220,000* General Obligation School Building Refunding Bonds, Series 2024A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution authorizing the issuance and sale of the Bonds ("Award Resolution") to be adopted by the School Board on May 14, 2024.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Roseville, Minnesota, (651) 697-8500, the District's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of June 6, 2024. The Bonds will mature on February 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2025, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Bonds shall be payable as provided in the Award Resolution.

The District has selected Bond Trust Services Corporation, Roseville, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent") and Zions Bancorporation, National Association, Chicago, Illinois, as escrow agent (the "Escrow Agent"). BTSC and Ehlers are affiliate companies. The District will pay the charges for Paying Agent services. The District reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

The Bonds are being offered without the option of prior optional redemption.

*Preliminary, subject to change.

AUTHORITY; PURPOSE

The Bond are authorized pursuant to Minnesota Statutes, Chapter 475, including Minnesota Statutes, Section 475.67 subd.3, as amended, by the District, for the purpose of effecting a current refunding of the District's \$36,025,000 General Obligation School Building Refunding Bonds, Series 2014A (the "Series 2014A Bonds") as follows:

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturities Being Refunded	Interest Rates	Principal to be Refunded	CUSIP Base 849832
Series 2014A Bonds	10/28/2014	7/11/2024	Par	2025	4.00%	\$3,095,000	VA5
				2026	4.00%	3,215,000	VB3
				2027	4.00%	3,355,000	VC1
				2028	4.00%	3,480,000	VD9
				2029	4.00%	<u>3,605,000</u>	VE7
Total Series 2014A Bonds Being Refunded						<u>\$16,750,000</u>	

Proceeds of the Bonds will be used to call and prepay the maturities of the Series 2014A Bonds described above and to pay all or most of the costs of issuance of the Bonds.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Bonds	\$16,220,000	
Reoffering Premium	<u>909,926</u>	
Total Sources		\$17,129,926
Uses		
Total Underwriter's Discount (0.400%)	\$64,880	
Costs of Issuance	106,500	
Deposit to Current Refunding Escrow Fund	16,958,502	
Rounding Amount	<u>44</u>	
Total Uses		\$17,129,926

*Preliminary, subject to change.

SECURITY

The Bonds will be general obligations of the District to which its full faith and credit and taxing powers are pledged. In accordance with Minnesota Statutes, the District will levy each year an amount not less than 105% of the debt service requirements on the Bonds. In the event funds on hand for payment of principal and interest are at any time insufficient, the District is required to levy additional taxes upon all taxable properties within its boundaries without limit as to rate or amount to make up any deficiency.

RATING

The District will be participating in the State of Minnesota Credit Enhancement Program ("MNCEP") for this issue and is requesting a credit enhanced rating from Moody's Investors Service, Inc. ("Moody's"). The "Aa2" credit enhanced rating is based on the State of Minnesota's current "Aaa" rating from Moody's. See "STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM" for further details.

The District currently has a "Aa1" underlying rating from Moody's and will be requesting an underlying rating on this issue. Such rating, if any, reflects only the views of such organization and explanations of the significance of such rating may be obtained from the rating agency furnishing the same. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the District nor the underwriter undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM FOR SCHOOL DISTRICTS

By resolution adopted for this issue on September 12, 2023, the "Resolution", the District has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55, as amended, which provides for payment by the State of Minnesota in the event of a potential default of a school district obligation (herein referred to as the "State Payment Law" or the "Law"). The provisions of the State Payment Law shall be binding on the District as long as any obligations of the issue remain outstanding.

Under the State Payment Law, if the District believes it may be unable to make a principal or interest payment for this issue on the due date, it must notify the Commissioner of Education as soon as possible, but not less than 15 working days prior to the due date (which notice is to specify certain information) that it intends to exercise the provisions of the Law to guarantee payment of the principal and interest when due. The District also covenants in the Resolution to deposit with the Paying Agent for the issue three business days prior to the date on which a payment is due an amount sufficient to make that payment or to notify the Commissioner of Education that it will be unable to make all or a portion of the payment.

The Law also requires the Paying Agent for this issue to notify the Commissioner of Education if it becomes aware of a potential default in the payment of principal and interest on these obligations, or if, on the day two business days prior to the payment date, there are insufficient funds to make the payment or deposit with the Paying Agent.

The Law also requires, after receipt of a notice which requests a payment pursuant to the Law, after consultation with the Paying Agent and District, and after verifying the accuracy of the information provided, the Commissioner of Education shall notify the Commissioner of Management and Budget of the potential default. The State Payment Law provides that "upon receipt of this notice . . . the commissioner of management and budget shall issue a payment and authorize the commissioner of education to pay to the paying agent for the debt obligation the specified amount on or before the date due. The amounts needed for the purposes of this subdivision are annually appropriated to the [Department of Education] from the state general fund."

The Law requires that all amounts paid by the State on behalf of any school district are required to be repaid by the district to the State with interest, either via a reduction in State aid payable to the district, or through the levy of an ad valorem tax which may be made with the approval of the Commissioner of Education.

In its Official Statement dated August 1, 2023, for General Obligation State Bonds, Series 2023A, 2023B, 2023C, 2023D and 2023E, the State of Minnesota disclosed the following information about the State Credit Enhancement Program for School Districts:

"As of June 30, 2023, the total amount of principal on certificates of indebtedness and capital notes issued for equipment, certificates of participation and bonds, plus the interest on these obligations, through the year 2050, is approximately \$17,500,000,000. Based upon these currently outstanding balances now enrolled in the program, during the Current Biennium the total amount of principal and interest outstanding as of June 30, 2023, is currently estimated at \$2,700,000,000, with the maximum amount of principal and interest payable in any one month being \$1,060,000,000. However, more certificates of indebtedness, capital notes, certificates of participation and bonds are expected to be enrolled in the program and these amounts are expected to increase.

The State has not had to make any debt service payments on behalf of school districts or intermediate school districts under the program and does not expect to make any payments in the future. If such payments are made the State expects to recover all or substantially all of the amounts so paid pursuant to contractual agreements with the school districts and intermediate school districts."

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the District shall agree to provide certain information to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events.

On the date of issue and delivery of the Bonds, the District shall execute and deliver a Continuing Disclosure Certificate, under which the District will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the District are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the District to comply with any Disclosure Undertaking will not constitute an event of default on the Bonds. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

In the previous five years, the District believes it has not failed to comply in all material respects with its prior undertakings under the Rule. The District has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the District.

LEGAL OPINION

An opinion as to the validity of the Bonds and the exemption from taxation of the interest thereon will be furnished by Kennedy & Graven, Chartered, Minneapolis, Minnesota, Bond Counsel to the District ("Bond Counsel"), and will be available at the time of delivery of the Bonds. The legal opinion will state that the Bonds are valid and binding general obligations of the District; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). See "FORM OF LEGAL OPINION" found in Appendix B.

TAX EXEMPTION

On the date of issuance of the Bonds, Bond Counsel will render an opinion that, at the time of issuance and delivery of the Bonds to the original purchaser, based on present federal and State of Minnesota laws, regulations, rulings and decisions (which exclude any pending legislation which may have a retroactive effect), and assuming compliance with certain covenants set forth in the Award Resolution, interest on the Bonds is excludable from gross income for federal income tax purposes and, to the same extent, is excludable from the taxable net income of individuals, trusts, and estates for Minnesota income tax purposes, and is not a preference item for purposes of computing the federal alternative minimum tax or the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. However, interest on the Bonds is included in determining the annual adjusted financial statement income (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code")) of applicable corporations (as defined in Section 59(k) of the Code) for purposes of computing the alternative minimum tax imposed on such applicable corporations and is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. Section 59(k) of the Code defines "applicable corporation" as any corporation (other than an S corporation), a regulated investment company, or a real estate investment trust which meets the average annual adjusted financial statement income test set forth in Section 59(k) of the Code in one or more taxable years. No opinion will be expressed by Bond Counsel regarding other federal or State of Minnesota tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds.

Noncompliance following the issuance of the Bonds with certain requirements of the Code and covenants of the Award Resolution may result in the inclusion of interest on the Bonds in gross income (for federal tax purposes) and taxable net income (for State of Minnesota tax purposes) of the owners thereof. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to United States or State of Minnesota income taxation.

The Code imposes an alternative minimum tax with respect to individuals on alternative minimum taxable income.

The Code provides that in the case of an insurance company subject to the tax imposed by Section 831 of the Code, the amount which otherwise would be taken into account as "losses incurred" under Section 832(b)(5) shall be reduced by an amount equal to the applicable percentage of the interest on the Bonds that is received or accrued during the taxable year.

Interest on the Bonds may be included in the income of a foreign corporation for purposes of the branch profits tax imposed by Section 884 of the Code. Under certain circumstances, interest on the Bonds may be subject to the tax on "excess net passive income" of Subchapter S corporations imposed by Section 1375 of the Code.

The above is not a comprehensive list of all federal tax consequences which may arise from the receipt of interest on the Bonds. The receipt of interest on the Bonds may otherwise affect the federal or State income tax liability of the recipient based on the particular taxes to which the recipient is subject and the particular tax status of other items or deductions. Bond Counsel expresses no opinion regarding any such consequences. All prospective purchasers of the Bonds are advised to consult their own tax advisors as to the tax consequences of, or tax considerations for, purchasing or holding the Bonds.

Legislative proposals

Bond Counsel's opinion is given as of its date and Bond Counsel assumes no obligation to update, revise, or supplement such opinion to reflect any changes in facts or circumstances or any changes in law that may hereafter occur. Proposals are regularly introduced in both the United States House of Representatives and the United States Senate that, if enacted, could alter or affect the tax-exempt status on municipal bonds. For example, legislation has been proposed that would, among other things, limit the amount of exclusions (including tax-exempt interest) or deductions that certain higher-income taxpayers could use to reduce their tax liability. The likelihood of adoption of this or any other such legislative proposal relating to tax-exempt bonds cannot be reliably predicted. If enacted into law, current or future proposals may have a prospective or retroactive effect and could affect the value or marketability of tax-exempt bonds (including the Bonds). Prospective purchasers of the Bonds should consult their own tax advisors regarding the impact of any such change in law.

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

The District will NOT designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code, relating to the ability of certain financial institutions (within the meaning of Section 265(6)(5) of the Code) to deduct from income for federal income tax purposes, 80% of the interest expense that is allocable to carrying and acquiring tax-exempt obligations.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the District in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Preliminary Official Statement, and its assistance in preparing this Preliminary Official Statement should not be construed as a representation that it has independently verified such information.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

BTSC and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the District, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the District under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the District for the fiscal year ended June 30, 2023, have been audited by Malloy, Montague, Karnowski, Radosevich & Co., P.A., Minneapolis, Minnesota, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

The following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

Taxes: The Bonds will be general obligations of the District, the ultimate payment of which rests in the District's ability to levy and collect sufficient taxes to pay debt service. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the District in time to pay debt service when due.

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the state may affect the overall financial condition of the District, the taxable value of property within the District, and the ability of the District to levy and collect property taxes.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the District and to the Bonds. The District can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the District or the taxing authority of the District.

Ratings; Interest Rates: In the future, the District's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

Tax Exemption: If the federal government or the State of Minnesota taxes all or a portion of the interest on municipal obligations, directly or indirectly, or if there is a change in federal or state tax policy, the value of the Bonds may fall for purposes of resale. Noncompliance following the issuance of the Bonds with certain requirements of the Code and covenants of the Award Resolution may result in the inclusion of interest on the Bonds in gross income of the recipient for United States income tax purposes or in taxable net income of individuals, estates or trusts for State of Minnesota income tax purposes. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to federal or State of Minnesota income taxation, retroactive to the date of issuance.

Continuing Disclosure: A failure by the District to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Levy Limits: Minnesota school district tax levies for most purposes are subject to statutory limitations. No limit, however, is placed on the debt service levy, and districts are required to levy 105% of actual principal and interest requirements to allow for delinquencies. School districts receive a basic revenue amount per pupil unit from aid and levy proceeds in a variety of categorical state aids. They are also allowed to certify additional levies within limits for certain specified purposes. The State Department of Education and the applicable County Auditors review the levies of each school district to determine compliance with state levy limits.

State Economy; State Aids: State of Minnesota cash flow problems could affect local governments and possibly increase property taxes.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the District to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the District, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the District may have an adverse effect on the value of the Bonds in the secondary market.

Secondary Market for the Bonds: No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified.

Cybersecurity: The District is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the District will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Preliminary Official Statement and the Appendices hereto.

VALUATIONS

OVERVIEW

All non-exempt property is subject to taxation by local taxing districts. Exempt real property includes Indian lands, public property, and educational, religious and charitable institutions. Most personal property is exempt from taxation (except investor-owned utility mains, generating plants, etc.).

The valuation of property in Minnesota consists of three elements. (1) The estimated market value is set by city or county assessors. Not less than 20% of all real properties are to be appraised by local assessors each year. (2) The taxable market value is the estimated market value adjusted by all legislative exclusions. (3) The tax capacity (taxable) value of property is determined by class rates set by the State Legislature. The tax capacity rate varies according to the classification of the property. Tax capacity represents a percent of taxable market value.

The property tax rate for a local taxing jurisdiction is determined by dividing the total tax capacity or market value of property within the jurisdiction into the dollars to be raised from the levy. State law determines whether a levy is spread on tax capacity or market value. Major classifications and the percentages by which tax capacity is determined are:

Type of Property	2021/22	2022/23	2023/24
Residential homestead ¹	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%
Agricultural homestead ¹	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,900,000 - 0.50% ² Over \$1,900,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,890,000 - 0.50% ² Over \$1,890,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$2,150,000 - 0.50% ² Over \$2,150,000 - 1.00% ²
Agricultural non-homestead	Land - 1.00% ²	Land - 1.00% ²	Land - 1.00% ²
Seasonal recreational residential	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³
Residential non-homestead:	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$174,000 - .75% Over \$174,000 - .25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$100,000 - .75% Over \$100,000 - .25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$100,000 - .75% Over \$100,000 - .25%
Industrial/Commercial/Utility ⁵	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%

¹ A residential property qualifies as "homestead" if it is occupied by the owner or a relative of the owner on the assessment date.

² Applies to land and buildings. Exempt from referendum market value tax.

³ Exempt from referendum market value tax.

⁴ Cities of 5,000 population or less and located entirely outside the seven-county metropolitan area and the adjacent nine-county area and whose boundaries are 15 miles or more from the boundaries of a Minnesota city with a population of over 5,000.

⁵ The estimated market value of utility property is determined by the Minnesota Department of Revenue.

CURRENT PROPERTY VALUATIONS

2022/23 Economic Market Value¹	<u><u>\$5,739,210,350²</u></u>
2023/24 Assessor's Estimated Market Value	
Real Estate	\$5,677,653,600
Personal Property	<u>69,299,000</u>
Total Valuation	<u><u>\$5,746,952,600</u></u>
2023/24 Net Tax Capacity	
Real Estate	\$70,824,613
Personal Property	<u>1,178,966</u>
Net Tax Capacity	\$72,003,579
Less:	
Captured Tax Increment Tax Capacity ³	(1,060,925)
Fiscal Disparities Contribution ⁴	<u>(8,963,896)</u>
Taxable Net Tax Capacity	\$61,978,758
Plus: Fiscal Disparities Distribution ⁴	<u>6,896,939</u>
Adjusted Taxable Net Tax Capacity	<u><u>\$68,875,697</u></u>

¹ Most recent value available from the Minnesota Department of Revenue.

² According to the Minnesota Department of Revenue, the 2022/23 Assessor's Estimated Market Value (the "AEMV") for the District was about 91.92% of the actual selling prices of sold in the District. The sales ratio was calculated by comparing the selling prices with the AEMV. Dividing the AEMV of real estate by the sales ratio and adding the AEMV of personal property and utility, railroads and minerals, if any, results in a 2022/23 Economic Market Value ("EMV") for the District of \$5,739,210,350.

³ The captured tax increment value shown above represents the captured net tax capacity of tax increment financing districts in the District.

⁴ Each community in the seven-county metropolitan area contributes 40% of the growth in its commercial-industrial property tax base to an area pool which is then distributed among the municipalities on the basis of population, special needs, etc. Each governmental unit makes a contribution and receives a distribution--sometimes gaining and sometimes contributing net tax capacity for tax purposes.

2023/24 NET TAX CAPACITY BY CLASSIFICATION

	2023/24 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	\$32,305,473	44.87%
Commercial/industrial	28,343,280	39.36%
Public utility	96,968	0.13%
Railroad operating property	447	0.0006%
Non-homestead residential	10,078,445	14.00%
Personal property	<u>1,178,966</u>	<u>1.64%</u>
 Total	 <u><u>\$72,003,579</u></u>	 <u><u>100.00%</u></u>

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity ¹	Adjusted Taxable Net Tax Capacity ²	Percent Increase/Decrease in Estimated Market Value
2019/20	\$4,061,741,900	\$3,905,985,933	\$49,539,239	\$47,864,793	7.68%
2020/21	4,344,603,700	4,212,014,355	54,066,623	51,728,367	6.96%
2021/22	4,529,281,100	4,385,167,153	55,843,262	52,662,904	4.25%
2022/23	5,250,312,900	5,139,822,094	64,117,936	61,270,806	15.92%
2023/24	5,746,952,600	5,637,915,777	72,003,579	68,875,697	9.46%

¹ Net Tax Capacity is before fiscal disparities adjustments and includes tax increment values.

² Adjusted Taxable Net Tax Capacity is after fiscal disparities adjustments and does not include tax increment values.

LARGEST TAXPAYERS

Taxpayer	Type of Property	2023/24 Net Tax Capacity	Percent of District's Total Net Tax Capacity
Medtronic, Inc.	Industrial	\$1,217,894	1.69%
Cummins Power Generation	Utility	896,280	1.24%
MLG/MA Read Springbrook TIC, LLC	Apartment	647,321	0.90%
BMIRF Central, LLC	Apartment	617,641	0.86%
Northtown Mall Territories, LLC	Commercial	603,952	0.84%
Target	Commercial	547,650	0.76%
Opus Development Co, LLC	Industrial	414,398	0.58%
HR Fridley, LLC	Commercial	364,358	0.51%
Nicola MSP I LTD Partnership	Industrial	346,764	0.48%
ERG-CP NSBC Owner, LLC	Industrial	<u>340,780</u>	<u>0.47%</u>
Total		\$5,997,038	8.33%

District's Total 2023/24 Net Tax Capacity \$72,003,579

Source: Current Property Valuations, Net Tax Capacity by Classification, Trend of Valuations and Largest Taxpayers have been furnished by Anoka County.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedule following)

Total G.O. debt secured by taxes² (includes the Bonds)* \$83,670,000

Lease Purchase Obligations (see schedule following)

Total lease purchase obligations paid by annual appropriations² \$1,412,208

¹ Outstanding debt is as of the dated date of the Bonds.

² Non-general obligation debt has not been included in the debt ratios.

Other Obligations - Cooperative District/Joint Governmental Obligations

The District is a member of Northeast Metropolitan Intermediate School District No. 916 (Northeast Metro 916), an intermediate school district authorized by Minnesota law to provide participating school districts with vocational, technical, and special education services. Northeast Metro 916 has issued Certificates of Participation dated 05/21/2013, 10/28/2015, and 12/03/2015 with original par amounts of \$15,655,000, \$21,415,000, and \$45,385,000, respectively, to finance the construction of facilities. Payments on the certificates are allocated to the member districts based on a methodology agreed to by the member districts. Each member district is eligible to include their share of the payments in their annual property tax levy. The District's share of the fiscal year 2024-25 payments on all three Certificates of Participation is \$330,186 and that amount is included as part of their tax levy for taxes payable in 2024.

*Preliminary, subject to change.

DEBT PAYMENT HISTORY

The District has no record of default in the payment of principal and interest on its debt.

FUTURE FINANCING

The District has no current plans for additional financing in the next 12 months.

STATE AID FOR DEBT SERVICE

The Minnesota Debt Service Equalization program provides state aid to finance a portion of the principal and interest payments on voter approved school building bonds. Bonds and Certificates that are not eligible for the program include all alternative facilities bonds, facilities maintenance bonds, capital facilities bonds, OPEB bonds, building bonds with relatively short maturities, and Certificates of Participation (COPs).

Under the Debt Service Equalization Formula (the Formula) adopted by the 2001 Minnesota State Legislature, each school district is responsible for the amount of its qualifying annual debt service which is equal to 15.74% of its Adjusted Net Tax Capacity (ANTC). The District does not currently qualify for debt service equalization aid.

In addition to debt service equalization aid, some school districts will qualify for state Long Term Facilities Maintenance Aid to finance a portion of the payments on Alternative Facilities Bonds and Facilities Maintenance Bonds, pursuant to the Long Term Facilities Maintenance Revenue program approved by the State in 2015. If any aid is received, it is deposited into the school district's debt service fund and must be used for payments on the bonds; any payment of state aid into the debt service fund causes a reduction in the tax levy for Alternative Facilities Bonds and Facilities Maintenance Bonds. The amount of aid received in the debt service fund will vary each year, depending on a number of factors. The District does not currently qualify for Long Term Facilities Maintenance Aid in the debt service fund.

Some school districts will also receive aid for debt service payments through the state School Building Bond Agricultural Credit, which is paid to school districts to offset a portion of certain bond levies (Minnesota Statutes, Section 273.1387). For taxes payable in 2023, and thereafter, the reimbursement percentage for each qualifying property is 70% of the property's eligible net tax capacity multiplied by the school debt tax rate determined under Minnesota Statutes, Section 275.08, subdivision 1b. The school building bond agricultural credit applies to farmland, excluding the house, garage and one acre, and to rural vacant land and managed forest land. The District does not currently qualify for the Agricultural Credit.

BONDED DEBT LIMIT

Minnesota Statutes, Section 475.53, subdivision 4, presently limits the "net debt" of a school district to 15% of the estimated market value of all taxable property situated within its corporate limits. The estimated market value of property within a district, on which its debt limit is based, is (a) the value certified by the county auditors, or (b) this value divided by the ratio certified by the commissioner of revenue, whichever results in a higher value. The current debt limit of the District is computed as follows:

2023/24 Assessor's Estimated Market Value	\$5,746,952,600
Multiply by 15%	<u>0.15</u>
Statutory Debt Limit	\$862,042,890
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes ¹ (includes the Bonds)*	(83,400,000)
Less: Long-Term Debt Outstanding Being Paid Solely from Annual Appropriations	<u>(1,412,208)</u>
Unused Debt Limit*	<u><u>\$777,230,682</u></u>

*Preliminary, subject to change.

¹ Does not include the \$3,770,000 General Obligation Taxable OPEB Refunding Bonds, Series 2018A, as they are not subject to the debt limit calculation per Minnesota Statutes.

Independent School District No. 16 (Spring Lake Park Schools), Minnesota
 Schedule of Bonded Indebtedness
 General Obligation Debt Secured by Taxes
 (As of 06/06/2024)

	School Building Refunding Series 2015A		School Building Bonds Series 2016A		School Building Refunding Series 2017A		Taxable OPEB Refunding Bonds 1) Series 2018A		School Building Refunding Bonds Series 2024A							
Dated Amount	12/30/2015 \$29,715,000		07/07/2016 \$46,245,000		06/08/2017 \$15,830,000		11/06/2018 \$3,770,000		06/06/2024 \$16,220,000*							
Maturity	02/01		02/01		02/01		02/01		02/01							
Fiscal Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Fiscal Year Ending
2025	2,505,000	427,950	620,000	1,600,150	1,480,000	304,950	270,000	9,315	3,240,000	529,403	8,115,000	2,871,768	10,986,768	75,555,000	9.70%	2025
2026	2,605,000	327,750	1,000,000	1,575,350	1,565,000	230,950			3,010,000	649,000	8,180,000	2,783,050	10,963,050	67,375,000	19.48%	2026
2027	2,675,000	249,600	1,030,000	1,535,350	1,650,000	152,700			3,170,000	498,500	8,525,000	2,436,150	10,961,150	58,850,000	29.66%	2027
2028	2,775,000	169,350	1,075,000	1,483,850	1,695,000	103,200			3,325,000	340,000	8,870,000	2,096,400	10,966,400	49,980,000	40.27%	2028
2029	2,870,000	86,100	1,125,000	1,430,100	1,745,000	52,350			3,475,000	173,750	9,215,000	1,742,300	10,957,300	40,765,000	51.28%	2029
2030			6,330,000	1,385,100							6,330,000	1,385,100	7,715,100	34,435,000	58.84%	2030
2031			6,395,000	1,163,550							6,395,000	1,163,550	7,558,550	28,040,000	66.49%	2031
2032			6,655,000	907,750							6,655,000	907,750	7,562,750	21,385,000	74.44%	2032
2033			6,920,000	641,550							6,920,000	641,550	7,561,550	14,465,000	82.71%	2033
2034			7,125,000	433,950							7,125,000	433,950	7,558,950	7,340,000	91.23%	2034
2035			7,340,000	220,200							7,340,000	220,200	7,560,200	0	100.00%	2035
	13,430,000	1,260,750	45,615,000	12,376,900	8,135,000	844,150	270,000	9,315	16,220,000	2,190,653	83,670,000	16,681,768	100,351,768			

* Preliminary, subject to change.

1) This issue is not subject to the debt limit.

Independent School District No. 16 (Spring Lake Park Schools), Minnesota
Schedule of Bonded Indebtedness
Non-General Obligation Debt Secured by Annual Appropriation
(As of 06/06/2024)

	Lease Purchase Financing of 2013		Lease Purchase 1) of 2021					Principal Outstanding	% Paid	Fiscal Year Ending
Dated Amount	06/20/2013 \$3,815,000		07/05/2021 \$1,019,267		Total Principal	Total Interest	Total P & I			
Maturity	06/01 & 12/01		07/05							
Fiscal Year Ending	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Fiscal Year Ending
2025	278,740	26,986	254,817	0	533,556	26,986	560,542	878,651	37.78%	2025
2026	285,695	20,030			285,695	20,030	305,726	592,956	58.01%	2026
2027	292,825	12,901			292,825	12,901	305,726	300,132	78.75%	2027
2028	300,132	5,594			300,132	5,594	305,726	0	100.00%	2028
	1,157,391	65,511	254,817	0	1,412,208	65,511	1,477,719			

1) This issue has zero interest.

OVERLAPPING DEBT¹

Taxing District	2023/24 Adjusted Taxable Net Tax Capacity	% In District	Total G.O. Debt²	District's Proportionate Share
County of:				
Anoka	\$615,308,722	11.1937%	\$26,490,000	\$2,965,211
Cities of:				
Blaine	129,375,997	35.8821%	55,510,000	19,918,154
Fridley	47,039,719	25.0916%	71,200,000	17,865,219
Spring Lake Park	10,902,397	97.6833%	8,330,005	8,137,024
Special Districts of:				
Anoka County Railroad Authority	615,308,723	11.1937%	4,215,000	471,814
Metropolitan Council	6,313,906,529	1.0909%	191,435,000 ³	<u>2,088,364</u>
District's Share of Total Overlapping Debt				<u><u>\$51,445,787</u></u>

¹ Overlapping debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section. It does *not* include non-general obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

² Outstanding debt is based on information in Official Statements obtained on EMMA and the Municipal Advisor's records.

³ The above debt includes all outstanding general obligation debt supported by taxes of the Metropolitan Council. The Council also has general obligation wastewater revenue, grant anticipation notes and certificates of participation outstanding all of which are supported entirely by revenues and have not been included in the overlapping debt or debt ratios sections.

DEBT RATIOS

	G.O. Debt	Debt/Economic Market Value \$5,739,210,350	Debt/ Per Capita 35,662 ¹
Direct G.O. Debt Being Paid from Taxes*	\$83,670,000	1.46%	\$2,346.19
District's Share of Total Overlapping Debt	<u>\$51,445,787</u>	<u>0.90%</u>	<u>\$1,442.59</u>
Total*	<u><u>\$135,115,787</u></u>	<u><u>2.35%</u></u>	<u><u>\$3,788.79</u></u>

*Preliminary, subject to change.

TAX LEVIES, COLLECTION AND RATES

TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy ²	Total Collected Following Year	Collected to Date	% Collected
2019/20	\$23,980,953	\$23,799,455	\$23,978,405	99.99%
2020/21	24,440,510	24,289,654	24,423,525	99.93%
2021/22	24,645,787	24,440,086	24,645,787	100.00%
2022/23	24,470,329	24,340,695	24,340,695	99.47%
2023/24	25,116,600	In process of collection		

Property taxes are collected in two installments in Minnesota--the first by May 15 and the second by October 15.³ Mobile home taxes are collectible in full by August 31. Minnesota Statutes require that levies (taxes and special assessments) for debt service be at least 105% of the actual debt service requirements to allow for delinquencies.

¹ Estimated 2022 population.

² This reflects the Final Levy Certification of the District after all adjustments have been made.

³ Second half tax payments on agricultural property are due on November 15th of each year.

TAX CAPACITY RATES¹

	2019/20	2020/21	2021/22	2022/23	2023/24
I.S.D. No. 16 (Spring Lake Park Schools)	35.452%	33.110%	33.380%	27.812%	26.128%
Anoka County	33.078%	31.086%	29.254%	24.176%	25.629%
City of Blaine	35.842%	35.130%	35.113%	31.800%	33.319%
City of Fridley	45.253%	44.928%	45.242%	43.017%	42.541%
City of Spring Lake Park	48.497%	44.810%	47.110%	37.285%	37.811%
Anoka County HRA	1.513%	1.573%	1.505%	1.326%	1.574%
Anoka County Railroad Authority	0.494%	0.481%	0.351%	0.306%	N/A
Blaine HRA	0.961%	0.706%	0.763%	0.880%	0.761%
Fridley HRA	1.546%	1.541%	1.612%	1.409%	1.629%
Metropolitan Council	0.596%	0.645%	0.651%	0.555%	0.643%
Metropolitan Mosquito	0.398%	0.387%	0.372%	0.320%	0.326%
Metropolitan Transit District	1.360%	1.248%	1.175%	1.009%	0.938%
Rice Creek Watershed	1.795%	1.757%	1.715%	1.488%	1.505%

Referendum Market Value Rates:

I.S.D. No. 16 (Spring Lake Park Schools)	0.15081%	0.14591%	0.13859%	0.11846%	0.10987%
City of Fridley	0.01351%	0.01319%	0.01359%	0.01237%	0.01243%

Source: Tax Levies and Collections and Tax Capacity Rates have been furnished by Anoka County.

¹ After reduction for state aids. Does not include the statewide general property tax against commercial/industrial, non-homestead resorts and seasonal recreational residential property.

THE ISSUER

EMPLOYEES

The District is governed by an elected school board and employs a staff of 826, including 352 non-licensed employees and 474 licensed employees (437 of whom are teachers). The District provides education for 5,915 students in grades kindergarten through twelve.

PENSIONS; UNIONS

Teachers' Retirement Association (TRA)

All teachers employed by the District are covered by defined benefit pension plans administered by the State of Minnesota Teachers Retirement Association (TRA). TRA members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security and Basic members are not. All new members must participate in the Coordinated Plan. These plans are established and administered in accordance with Minnesota Statutes, Chapters 354 and 356, as amended.

Public Employees' Retirement Association (PERA)

All full-time and certain part-time employees of the District (other than those covered by TRA) are covered by a defined benefit plan administered by the Public Employees' Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356, as amended.

Recognized and Certified Bargaining Units

Bargaining Unit	Expiration Date of Current Contract
Spring Lake Park Teachers United	June 30, 2025
Childcare Professionals	June 30, 2025
Spring Lake Park Administrations Association	June 30, 2025
Spring Lake Park Principals Association	June 30, 2024
Local #12 - Clerical	June 30, 2024
Local #12 - Paraprofessional	June 30, 2024
Local #284 - Food Services	June 30, 2024
Local #284 - Custodians	June 30, 2024
Unaffiliated Group	June 30, 2024

POST EMPLOYMENT BENEFITS

The District has obligations for some post-employment benefits for its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 75 (GASB 75). The District's most recent actuarial study shows a total OPEB liability of \$5,910,159 as of June 30, 2023. In May of 2009, the District issued \$6,200,000 in OPEB Bonds to fund an irrevocable trust. As of June 30, 2023, the net position of the trust was \$6,015,896. Future OPEB costs will be paid partially from the trust and partially from operating funds.

Source: The District's most recent actuarial study.

STUDENT BODY

The number of students enrolled for the past four years and for the current year have been as follows:

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2019/20	479	2,843	2,647	5,969
2020/21	463	2,759	2,780	6,002
2021/22	460	2,704	2,829	5,993
2022/23	451	2,664	2,804	5,919
2023/24	411	2,661	2,843	5,915

Enrollments for the next three years are projected to be as follows:

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2024/25	440	2,659	2,811	5,910
2025/26	440	2,706	2,781	5,927
2026/27	440	2,655	2,805	5,900

SCHOOL BUILDINGS

School Building	Year Constructed	Years of Additions/ Remodelings
Centerview Elementary	2018	--
Northpoint Elementary	2008	2013
Park Terrace Elementary	1969	1995, 2007, 2013
Woodcrest Elementary	1950	1962, 1065, 1995, 2007, 2018
Westwood Intermediate & Middle School	1966	1971, 1995, 2007, 2018
Spring Lake Park High School	1962	1964, 1995, 2007, 2017, 2018

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the District or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

Currently there is no statutory authority for Minnesota school districts to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future while the Bonds are outstanding; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the District to file for relief under Chapter 9; or (c) whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. Such action could impact the rights of holders of the Bonds. Such modifications could be adverse to holders of the Bonds and there could ultimately be no assurance that holders of the Bonds would be paid in full or in part on the Bonds.

FUNDS ON HAND (as of February 29, 2024)

Fund	Total Cash and Investments
General	\$43,193,255
Food Service	1,122,620
Community Service	227,663
Debt Service	2,397,943
Trust & Agency	6,174,548
Internal Service	<u>5,963,122</u>
 Total Funds on Hand	 <u><u>\$59,079,151</u></u>

SUMMARY GENERAL FUND INFORMATION

The following are summaries of the revenues and expenditures and fund balances for the District's General Fund. These summaries are not purported to be the complete audited financial statements of the District, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the District. Copies of the complete statements are available upon request. Appendix A includes the District's 2023 audited financial statements.

FISCAL YEAR ENDING JUNE 30					
COMBINED STATEMENT	2020	2021	2022	2023	2024
	Audited	Audited	Audited	Audited	Revised Budget¹
Revenues					
Local property taxes	\$12,036,321	\$13,116,377	\$13,604,446	\$13,280,339	\$13,245,607
Investment earnings	630,406	62,663	(144,712)	1,133,984	1,653,000
Other	1,021,900	935,656	1,388,236	1,584,232	1,107,500
Revenues from state sources	56,838,152	59,528,400	59,757,417	61,964,872	71,014,248
Revenues from federal sources	1,908,947	4,177,772	5,168,795	4,336,918	4,552,315
Total Revenues	\$72,435,726	\$77,820,868	\$79,774,182	\$82,300,345	\$91,572,670
Expenditures					
Current:					
Administration	\$2,153,860	\$2,154,166	\$2,246,342	\$2,345,835	\$2,444,441
District support services	2,530,719	2,444,697	2,428,319	2,622,971	2,451,187
Elementary & secondary regular instruction	30,443,260	32,152,290	34,924,725	32,838,870	38,516,851
Vocational education instruction	413,083	413,387	500,585	510,278	492,529
Special education instruction	11,425,457	12,768,560	13,437,133	14,060,152	16,969,345
Instructional support services	5,785,759	5,987,094	6,139,509	7,038,644	6,682,321
Pupil support services	7,989,230	7,434,281	8,725,954	9,080,288	9,296,370
Sites and buildings	12,146,377	7,619,581	8,981,707	8,787,741	10,848,184
Fiscal and other fixed cost programs	298,787	314,880	434,353	343,102	485,000
Community service	138,707	0	0	0	
Debt service	594,301	305,726	560,543	560,542	759,009
Total Expenditures	\$73,919,540	\$71,594,662	\$78,379,170	\$78,188,423	\$88,945,237
Excess of revenues over (under) expenditures	(\$1,483,814)	\$6,226,206	\$1,395,012	\$4,111,922	\$2,627,433
Other Financing Sources (Uses)					
Capital lease issued	\$0	\$0	\$996,894	\$95,448	
Transfers out	(798,625)	(760,259)	0	0	
Sale of capital assets	1,000	0	53,750	0	
Total Other Financing Sources (Uses)	(\$797,625)	(\$760,259)	\$1,050,644	\$95,448	\$0
Net changes in Fund Balances	(\$2,281,439)	\$5,465,947	\$2,445,656	\$4,207,370	\$2,627,433
General Fund Balance July 1	\$29,963,516	\$27,827,450	\$33,293,397	\$35,739,053	
Prior Period Adjustment	145,373	0	0	0	
Residual Equity Transfer in (out)	0	0	0	0	
General Fund Balance June 30	\$27,827,450	\$33,293,397	\$35,739,053	\$39,946,423	
DETAILS OF JUNE 30 FUND BALANCE					
Nonspendable	\$215,706	\$373,925	\$435,647	\$319,201	
Restricted	1,584,601	2,839,254	4,421,595	5,710,021	
Assigned	3,676,815	3,890,939	8,320,000	14,328,713	
Unassigned	22,350,328	26,189,279	22,561,811	19,588,488	
Total	\$27,827,450	\$33,293,397	\$35,739,053	\$39,946,423	

¹ The 2023-24 revised budget was adopted on February 13, 2024.

GENERAL INFORMATION

LOCATION

The District, with a 2020 U.S. Census population of 34,933 and a 2022 population estimate of 35,662, and comprising an area of 11,500 acres, is located approximately 12 miles north of Minneapolis, Minnesota.

LARGER EMPLOYERS¹

Larger employers in the District include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Cummings Power Generation	Engine- diesel manufacturers	1,500
Mercy Hospital-Unity Campus	Hospitals	839
I.S.D. No. 16 (Spring Lake Park)	Elementary and secondary education	826
Mid-City Cleaning Contractors, Inc.	Janitor service	800
Northtown Mall	Shopping mall	800
Minco	Heaters-unit manufacturers	700
Congra Brands	Bakers-retail	375
Walmart Supercenter	Department store	320
Fridley Medical Center	Medical clinics	250
Rise Inc.	Rehabilitation services	250

Source: Data Axle Reference Solutions, written and telephone survey, and the Minnesota Department of Employment and Economic Development.

¹ This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above.

U.S. CENSUS DATA

Population Trend: The District

2010 U.S. Census population	29,903
2020 U.S. Census population	34,933
Percent of Change 2010 - 2020	16.82%
2022 State Demographer Estimate	35,662

Income and Age Statistics

	The District	Anoka County	State of Minnesota	United States
2022 per capita income	\$44,448	\$43,106	\$44,947	\$41,261
2022 median household income	\$92,139	\$95,782	\$84,313	\$75,149
2022 median family income	\$113,211	\$110,651	\$107,072	\$92,646
2022 median gross rent	\$1,379	\$1,356	\$1,178	\$1,268
2022 median value owner occupied units	\$288,000	\$302,300	\$286,800	\$281,900
2022 median age	38.4 yrs.	38.8 yrs.	38.5 yrs.	38.5 yrs.

	State of Minnesota	United States
District % of 2022 per capita income	98.89%	107.72%
District % of 2022 median family income	105.73%	122.20%

Source: 2010 and 2020 Census of Population and Housing, and 2022 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov>) and Minnesota State Demographer (<https://mn.gov/admin/demography/data-by-place/school-district-data.jsp>).

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

Year	<u>Average Employment</u>		<u>Average Unemployment</u>	
	Anoka County	Anoka County	Anoka County	State of Minnesota
2020	188,030	6.4%		6.3%
2021	188,163	3.7%		3.8%
2022	192,915	2.5%		2.7%
2023	194,226	2.8%		2.8%
2024, March	193,655	3.1%		3.2%

Source: Minnesota Department of Employment and Economic Development.

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the District's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The District has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Preliminary Official Statement, nor has the District requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary Official Statement is not intended to demonstrate the fiscal condition of the District since the date of the financial statements, in connection with the issuance of the Bonds, the District represents that there have been no material adverse change in the financial position or results of operations of the District, nor has the District incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.

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High Achievement For All.
No Excuses.*

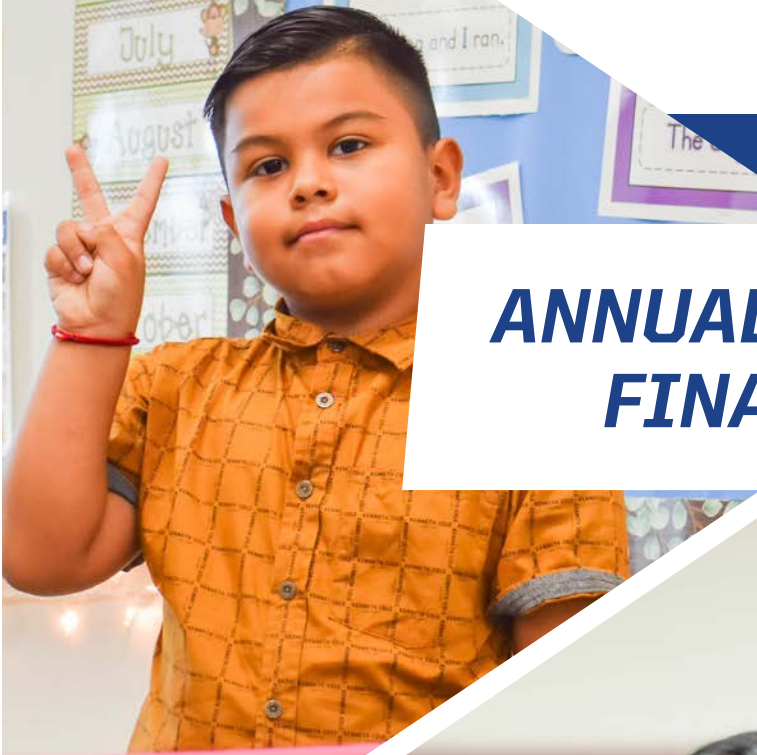


SPRING LAKE PARK SCHOOLS

Fiscal year ended June 30, 2023

ANNUAL COMPREHENSIVE FINANCIAL REPORT

*Spring Lake Park Schools
1415 81st Avenue NE
Spring Lake Park, MN*



ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2023

INDEPENDENT SCHOOL DISTRICT NO. 16
SPRING LAKE PARK, MINNESOTA

1415 – 81st Avenue Northeast
Spring Lake Park, MN 55432

Prepared by
Business Services Office

Jeffrey Ronneberg • Superintendent

Amy Schultz • Director of Business Services

Chris McGee • Finance Manager

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INDEPENDENT SCHOOL DISTRICT NO. 16

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SPRING LAKE PARK SCHOOLS



SECTION I

Introductory Section / Annual Financial Report



December 12, 2023

Members of the School Board and
Citizens of Independent School District No. 16

INTRODUCTION

The Annual Comprehensive Financial Report (ACFR) of Independent School District No. 16 (the District) submitted herein presents the financial position of the District as of June 30, 2023, and the results of its operations for the fiscal year then ended.

This report is prepared in conformance with accounting principles generally accepted in the United States of America for governments as promulgated by the Governmental Accounting Standards Board. This report is consistent with and satisfies legal reporting requirements of the state of Minnesota, including the requirement to publish a complete set of audited financial statements within six months of the close of the District's fiscal year. In addition to meeting accounting and legal requirements, this report is intended to present a comprehensive summary of significant financial data to meet the needs of citizens, taxpayers, employees, financial institutions, intergovernmental agencies, creditors, and the School Board.

REPORT FORMAT

The ACFR is presented in three sections:

- The introductory section contains this letter of transmittal, the organization chart, a list of the School Board and administration, and the Certificate of Excellence in Financial Reporting Award. The introductory section is not audited.
- The financial section begins with the independent auditor's report. This section includes management's discussion and analysis (MD&A), basic financial statements, required supplementary information, and supplemental information consisting of combining and individual fund statements and schedules.
- The statistical section, which is not audited, includes selected financial, demographic, and economic data, generally presented on a multiyear basis.

This report consists of management’s representations concerning the finances of the District. Consequently, management assumes full responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures presented in this report. To provide a reasonable basis for making these assertions, management of the District has established a system of internal controls. The internal controls are designed to protect the District’s assets from loss or misappropriation and to allow the compilation of sufficient reliable information to prepare financial statements in conformity with accounting principles generally accepted in the United States of America. To the best of our knowledge and belief, the enclosed data reported as a whole and disaggregated to a fund level is accurate, in all material respects. This report is a complete disclosure of all financial activities of the District.

Malloy, Montague, Karnowski, Radosevich & Co., P.A., a firm of licensed certified public accountants, has performed an independent audit and has issued an unmodified (“clean”) opinion on the District’s basic financial statements for the year ended June 30, 2023. The independent auditor’s report is located at the front of the financial section of this report.

The MD&A immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The District is required to undergo an annual Single Audit in accordance with the provisions of the Federal Single Audit Act and the U.S. Office of Management and Budget *Compliance Supplement*. Information related to the Single Audit is issued separately and is not included in this report.

REPORTING ENTITY

The legal name of the District is Independent School District No. 16, and it is often referred to as Spring Lake Park Schools. The District was incorporated in 1952 and is a suburban school district located on the north edge of the Minneapolis/St. Paul metropolitan area in Anoka County. The District serves students, families, and residents of all or a portion of the cities of Blaine, Fridley, and Spring Lake Park.

The District is organized as a political subdivision of the state of Minnesota and is governed by an elected seven-member School Board. The School Board has the power and duty to set budgets, certify tax levies, issue debt, and perform other tasks necessary to the operations of the District. The District is subject to the general oversight of the Minnesota Department of Education. This oversight generally includes an approval process that reviews compliance to standards enacted by legislative mandate.

The District serves a general population of approximately 35,000 in an area of 18.69 square miles. The average age of the District’s buildings is approximately 33.3 years. The District operates three elementary schools (kindergarten through Grade 4), one Spanish Immersion Program (kindergarten through Grade 4), one intermediate and middle school (Grades 5 through 8), and one high school (Grades 9 through 12). The District also operates an online distance learning academy and a Lighthouse Program for the motivated, highly-skilled student. In addition to providing a pre-kindergarten through Grade 12 education for students, the District operates a school Food Service Program and a Community Service Program. At the end of the school year, the District served 5,980 students in its pre-kindergarten through Grade 12 educational programs. The District is anticipating static enrollment in upcoming years.

LOCAL ECONOMY

The District is located in Anoka County, which is one of the seven counties included in the Twin Cities metropolitan area. This is the most populated area of Minnesota and has seen steady growth since 2000. The City of Blaine (the City) continues to see growth in both housing and commercial properties. Job growth in the City is strongest in the professional, managerial, and technical categories. Within this metropolitan area, health services, business services, and retail trade are the most significant industries.

Similar to national and global economies, Anoka County was impacted by the COVID-19 pandemic. This was most evident in unemployment rates. Many local businesses laid off employees as they closed their doors temporarily, or in some cases permanently.

Unemployment decreased to 2.6 percent in the Anoka County area, from 3.2 percent in the prior year. The state-wide and national unemployment averages were 2.7 percent and 3.6 percent, respectively. These trends reflect a decrease in unemployment at the national and state levels as well.

Despite the pandemic affecting the area, there continues to be growth of new private investment. The City is the largest geographic municipality located within the District and it is anticipated that the commercial and residential growth of this city will continue slowly during the next five years. According to the City and the Metropolitan Council, the City's population (Anoka County portion of the City) has grown from 70,222 in 2020 (U.S. Census) to an estimated 71,891 in 2022, an increase of 1,669, or 2.4 percent. Residential and commercial development are expected to continue during the next several years.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

The state of Minnesota guarantees each school district a base amount of funding per pupil through the General Education Funding Program. With the exception of the voter-approved operating referendum (Levy for Learning) and bond referendum (Levy for Buildings), the District is dependent on the state of Minnesota for much of its revenue authority. This places a large reliance on the state to adequately fund the District's educational programs and creates a direct relationship to the state's economic outlook. At this time, the state of Minnesota has a large surplus and is starting an upward trend from prior years in terms of its economic environment.

The 2021 Legislature authorized increases in the general education basic formula allowance for fiscal years 2022 and 2023, following increases in each fiscal year beginning in 2016. The most recent legislative session completed authorized additional increases to the general education basic formula allowance moving forward. The Legislature has added \$275, or 4.00 percent, per pupil to the basic general education funding formula for fiscal year 2024, and an additional \$143, or 2.00 percent, per pupil to the formula for fiscal year 2025.

District voters renewed a capital projects referendum (technology levy) in November 2019, amounting to over \$1.2 million annually for 10 years. At the same time, voters renewed an operating levy set to expire after fiscal year 2020 and extended it another 10 years. The support of the technology levy will continue to allow the District to maintain and update its technology and improve student learning through greater access to technology in the classroom. By renewing the operating levy, it continues to bring much needed revenue to the District for continuing its current programming, while looking at ways to improve student learning at the same time.

The combination of enrollment growth and voter support, along with a purposeful budget process, has allowed the District to maintain a healthy fund balance while increasing learning opportunities for students.

SPRING LAKE PARK SCHOOLS

Our District Values

These values describe how we will work with our learners and each other:

Accountability

- To fulfill one's roles and responsibilities and be responsive to the results.

Courage

- Doing and saying the right thing at the right time in the right way despite challenge, adversity, or conflicting self interests.

Excellence

- A relentless and intentional effort in continuous improvement.

Innovation

- Purposeful, courageous, continuous improvement through research and action.

Integrity

- Always aligning our actions with our values and beliefs.

Learning

- Continuous, meaningful, and challenging effort that results in student success.

Respect

- Listen to, accept, and value each individual in the school district and community.

Shared Responsibility

- Working together interdependently and collaboratively, learning from one another, entrusting one's self interest to another, and taking ownership for our individual and collective actions and decisions.

The Spring Lake Park Schools' Strategic Plan for the Future is the roadmap that we follow in our continuing - and measurable - focus on success for all students. The strategic plan is developed and approved by the school board and provides overall direction for the district's work.

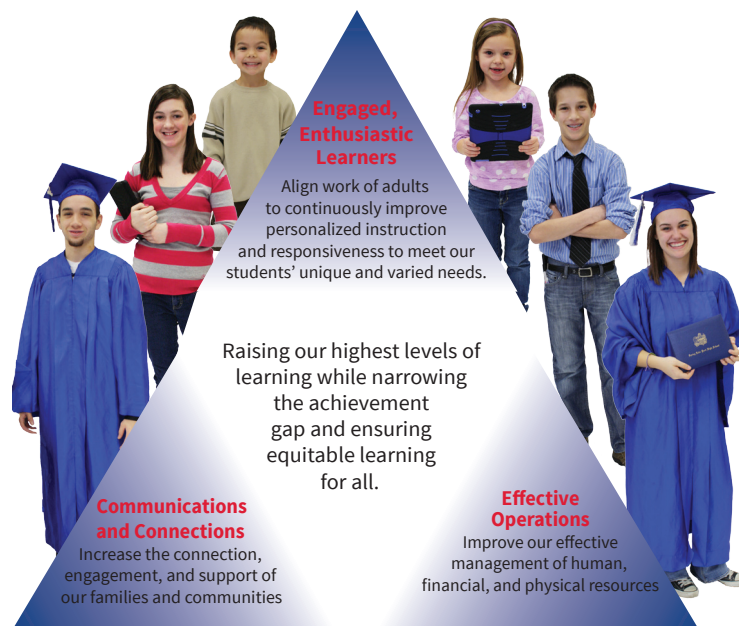
Our District Purpose

High expectations. High achievement for all. No excuses.

Our Vision for the Future

Spring Lake Park Schools will be a world-class learning community aligned around...

- Fostering personalized experiences so that each student feels valued, inspired, and has a sense of belonging,
- Resulting in college readiness, and the development of academic, life, and career skills so that each student has aspirations for success.



Our Strategic Anchors

We will move towards our vision through a focus on continuous improvement, identifying annual and multi-year projects and initiatives within three Strategic Anchors. Each of these efforts are centered around raising our highest levels of learning while narrowing the achievement gap and ensuring equitable learning for all.

Our over-arching goals for all planning and for providing a focus in moving towards our vision

- We will achieve greater levels of coherence and alignment throughout the system.
- We will proactively position the school district for the future in all planning and decision-making.

MANAGEMENT SYSTEMS AND CONTROLS

The District is committed to developing, maintaining, and improving effective management systems and controls. The District makes conscientious efforts to employ highly qualified employees through active recruitment and interview processes. Significant continuing professional education opportunities are provided to employees, and managers are encouraged to provide imbedded professional development activities as a means to ensure that an environment of continuous improvement is fostered. Further, operations are annually evaluated to assure they function effectively and provide appropriate levels of supervision and segregation of duties.

BUDGET AND FINANCIAL MANAGEMENT

The School Board adopts an annual budget for the following fiscal year for the General, Food Service Special Revenue, Community Service Special Revenue, and Debt Service Funds. The District's budget and financial management practices include the following district processes:

BUDGET TIMELINE

Establishes a timeline for the major processes related to the preparation, approval, execution, and review of the District's fiscal year financial budget. Each fiscal year's budget spans a three-year period and includes the following activities:

- **Budget Preparation** – The budget preparation cycle occurs during the 12 months prior to the District's upcoming fiscal year, which begins on the following July 1st. Major processes during the budget preparation cycle include the development of a projection model to accurately predict student enrollment, revenue resources, and programmatic expenditures. Enrollment and other data are submitted to the state to generate both the local property tax levy as well as state and federal aid entitlement amounts for the upcoming year. A budget guideline is established to determine the proper allocation of district resources to the various expenditure categories based upon budget parameters and district priorities, as included in the District's mission and vision statements. Recommendations and actions taken by the administration and the School Board during the budget preparation cycle are also included in the completed budget. A proposed financial and operational budget document is then submitted to the School Board for review and subsequent approval prior to July 1st.
- **Budget Approval and Execution** – The School Board is required by Minnesota Statutes to adopt a preliminary budget prior to July 1st. Once the original budget is adopted, the District's administration begins its execution July 1st. During the 12-month period that the budget is executed, the administration is directed to update the budget to reflect changes that have taken place after the original approval of the budget occurred. The adopted budget is typically revised to reflect actual enrollment changes, grant awards, employee contract settlements, and changes in estimates and projections that may have occurred since the budget was originally approved. Monthly reports are provided to the School Board with "common sized" financial statements comparing the current year's year-to-date monthly results to the prior three years' historical year-to-date monthly results. This monthly reporting has proven to be invaluable to the School Board and management so that timely, reliable financial decisions can be made.
- **Budget Review** – During the fiscal year and upon completion, the actual financial results for the year are compared to the budgeted amounts. Significant variations are investigated to determine if subsequent financial projections should be adjusted. In addition, as several state aid formulas are not finalized until state-wide data is available, the District's administration is constantly reviewing historical and current data and trends to further refine its projection models for future budget cycles.

In addition to the annual budget cycle described on the previous page, the School Board and administration review a five-year budget projection several times during the year. This process involves reviewing the budget under five different sets of expenditure assumptions. This long-term view of the budget has allowed the District to make purposeful decisions with the understanding of how those decisions affect not only the upcoming year, but also the years following.

Budgetary control is decentralized to building locations or to program managers of each budgetary area. Overall, administrative responsibility rests with the Director of Educational Services, Director of Business Services, Director of Human Resources and Organizational Development, or Director of Community Education and Outreach under the direction of the Superintendent and consistent with School Board policy. School Board policy allows for limited reappropriation of budgets within a budgetary location by authority of budgetary program managers. Reappropriation of budget amounts between and among operating units requires authorization by the Director of Business Services. School Board approval is required to change appropriations at the fund level.

INDEPENDENT AUDIT

The District's policy and state law require an annual audit of the financial statements of the District by an independent certified public accountant. This requirement has been complied with and the auditor's opinion is included in this report. The District does not maintain an internal audit staff.

CERTIFICATE OF EXCELLENCE

This report will be submitted to the Association of School Business Officials (ASBO) International for consideration for the Certificate of Excellence in Financial Reporting Award.

In 2023, the District received the Certificate of Excellence in Financial Reporting Award from the ASBO International for the preparation and issuance of the District's ACFR for 2022. It was the 17th year the District has received the award, which was earned by less than 10 percent of all school districts in the state.

The District expects to continue to earn the recognition that accompanies the standards of accuracy and thoroughness of the Certificate of Excellence Program.

ACCOMPLISHMENTS

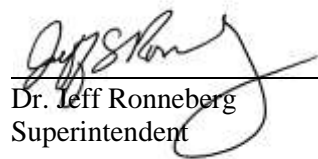
The District takes pride in its focus on personalizing learning for each student, providing comprehensive instructional, co-curricular, and support programs. The District takes a systemic view of learning, recognizing the importance of providing coherence and alignment across all aspects of the District. Over the past few years, all principals and directors have participated in a leadership academy that has resulted in a shared philosophy of leadership throughout the District.

We are excited about the professional learning and continuous improvement efforts taking place in the District. The curriculum in the District is vertically aligned with a pre-kindergarten through Grade 12 perspective, and each staff member participates in a professional learning community team that meets at least weekly. In recent years, all staff has been engaged in ongoing learning on the topics of personalized learning, one-to-one technologies, effective assessment practices, and providing timely support to meet student learning needs. The District continues to focus in all of these areas to continually improve student learning.

The District has a vision of being a world-class learning community of choice. It is a great place to be.

ACKNOWLEDGMENTS

The time, effort, and attention that go into the timely preparation of an ACFR require the commitment and cooperation of many people. Special appreciation is hereby extended to the entire Business Services office staff for its dedication and to the School Board for its encouragement and leadership.



Dr. Jeff Ronneberg
Superintendent



Amy Scholtz, CPA
Director of Business Services

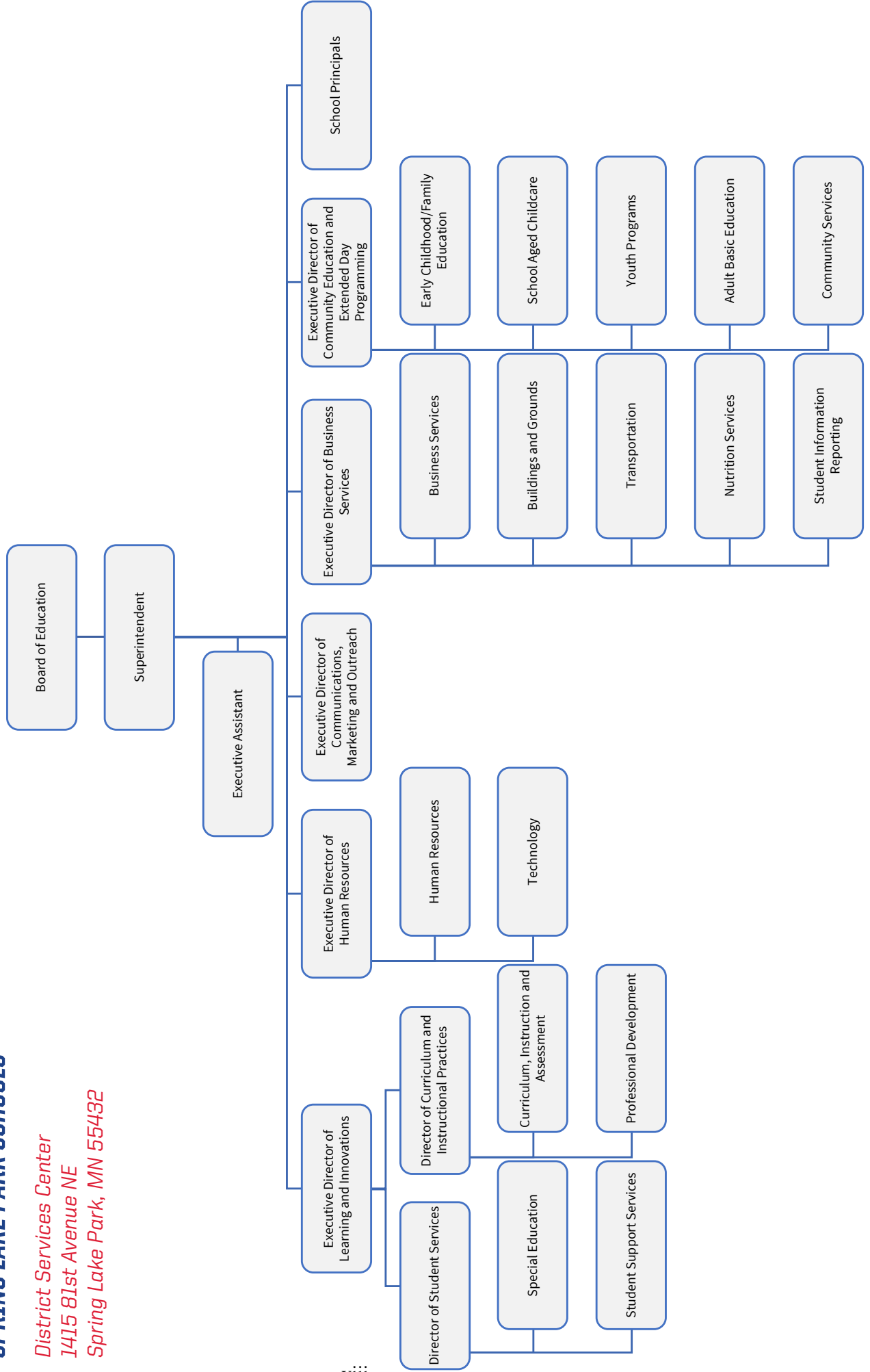
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SPRING LAKE PARK SCHOOLS

*District Services Center
1415 81st Avenue NE
Spring Lake Park, MN 55432*

Spring Lake Park Schools - Organization Chart 2022-2023



INDEPENDENT SCHOOL DISTRICT NO. 16

School Board and Administration
Year Ended June 30, 2023

SCHOOL BOARD

Tony Easter
Amy Hennen
Sam Vilella
Marilynn Forsberg
Sarah Bowe
Melody Skelly
John Stroebel

Chairperson
Vice-Chairperson
Treasurer
Clerk
Director
Director
Director

ADMINISTRATION

Jeffrey Ronneberg
Hope Rahn
Anthony Mayer
Erika Taibl
Amy Schultz
Colleen Pederson

Superintendent
Executive Director of Learning and Innovations
Executive Director of Human Resources
Executive Director of Communications, Marketing and Outreach
Executive Director of Business Services
Executive Director of Community Education and Extended Day Programming



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

**Spring Lake Park
Independent School District 16**

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2022.**

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



A handwritten signature in black ink, reading 'John W. Hutchison'. The signature is written in a cursive style.

John W. Hutchison
President

A handwritten signature in black ink, reading 'Siobhán McMahon'. The signature is written in a cursive style.

Siobhán McMahon, CAE
Chief Operations Officer/
Interim Executive Director

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*High Expectations.
High Achievement For All.
No Excuses.*



SPRING LAKE PARK SCHOOLS



SECTION II

Financial Section / Annual Financial Report



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. 16
Spring Lake Park, Minnesota

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINIONS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 16 (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

BASIS FOR OPINIONS

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

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

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

(continued)

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.

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 Governmental Accounting Standards Board (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.

(continued)

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 combining and individual fund financial statements and schedules, as listed in the table of contents, are presented for purpose of additional analysis and are 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 combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER INFORMATION

Management is responsible for the other information included in the annual report. The other information comprises the introductory 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 2022 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated December 19, 2022. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2023 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
December 12, 2023

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INDEPENDENT SCHOOL DISTRICT NO. 16

Management's Discussion and Analysis Year Ended June 30, 2023

This section of Independent School District No. 16's (the District) Annual Comprehensive Financial Report (ACFR) presents management's narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2023. Please read it in conjunction with the other components of the District's ACFR.

FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2023 by \$37,307,112 (net position). The District's total net position increased by \$17,303,754 during the fiscal year ended June 30, 2023.
- Government-wide revenues totaled \$101,698,749 and were \$17,303,754 more than expenses of \$84,394,995.
- The General Fund's total fund balance (under the governmental fund presentation) increased \$4,207,370 from the prior year, compared to a decrease of \$63,445 planned in the budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the ACFR consists of the following parts:

- Independent Auditor's Report;
- Management's discussion and analysis;
- Basic financial statements, including the government-wide financial statements, fund financial statements, and the notes to basic financial statements;
- Required supplementary information; and
- Supplementary information consisting of combining and individual fund statements and schedules.

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

- Over time, increases or decreases in the District's net position are indicators of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District requires consideration of additional nonfinancial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

FUND FINANCIAL STATEMENTS

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

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. For Minnesota schools, funds are established in accordance with Uniform Financial Accounting and Reporting Standards in accordance with statutory requirements and accounting principles generally accepted in the United States of America. Some funds are required by state law and by bond covenants. The District can establish other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

The District maintains the following kinds of funds:

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

Proprietary Funds – The District maintains one type of proprietary fund. Internal service funds are used as an accounting device to accumulate and allocate costs internally among the District's various functions. The District uses its internal service funds to account for the self-insurance activities of the District employees' medical and dental claims. These services have been included within governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

	2023	2022
Assets		
Current and other assets	\$ 77,339,055	\$ 73,968,558
Capital assets, net of depreciation	135,896,498	140,959,112
Total assets	\$ 213,235,553	\$ 214,927,670
Deferred outflows of resources		
Pension plan deferments	\$ 17,973,898	\$ 20,799,754
OPEB plan deferments	1,237,407	1,046,454
Deferred charge on refunding	284,561	331,987
Total deferred outflows of resources	\$ 19,495,866	\$ 22,178,195
Liabilities		
Current and other liabilities	\$ 4,965,059	\$ 5,314,172
Long-term liabilities, including due within one year	155,911,206	139,810,264
Total liabilities	\$ 160,876,265	\$ 145,124,436
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 23,532,757	\$ 23,623,896
Pension plan deferments	8,987,841	46,053,862
OPEB plan deferments	1,719,282	1,940,790
Deferred charge on refunding	308,162	359,523
Total deferred inflows of resources	\$ 34,548,042	\$ 71,978,071
Net position		
Net investment in capital assets	\$ 36,419,038	\$ 33,862,306
Restricted	8,244,113	6,592,612
Unrestricted	(7,356,039)	(20,451,560)
Total net position	\$ 37,307,112	\$ 20,003,358

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 amounts. A conservative versus liberal approach to depreciation estimates, as well as capitalization policies, will produce a significant difference in the calculated amounts. Another major factor in determining net position (as compared to fund balances) are the liabilities for long-term severance, pension, and other post-employment benefits (OPEB), which impact the unrestricted portion of net position.

The District's increase in net investment in capital assets is due mostly to the District adding capital assets and repaying debt at a faster rate than the assets being depreciated. The District's increase in net position restricted for capital asset acquisition, debt service, food service, and community service, contributed to the change in the restricted 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, deferred inflows of resources, and unrestricted net position. Positive operating results in the current year, as presented on the following table, also contributed to the change in unrestricted net position.

Table 2 presents a summarized version of the District's Statement of Activities:

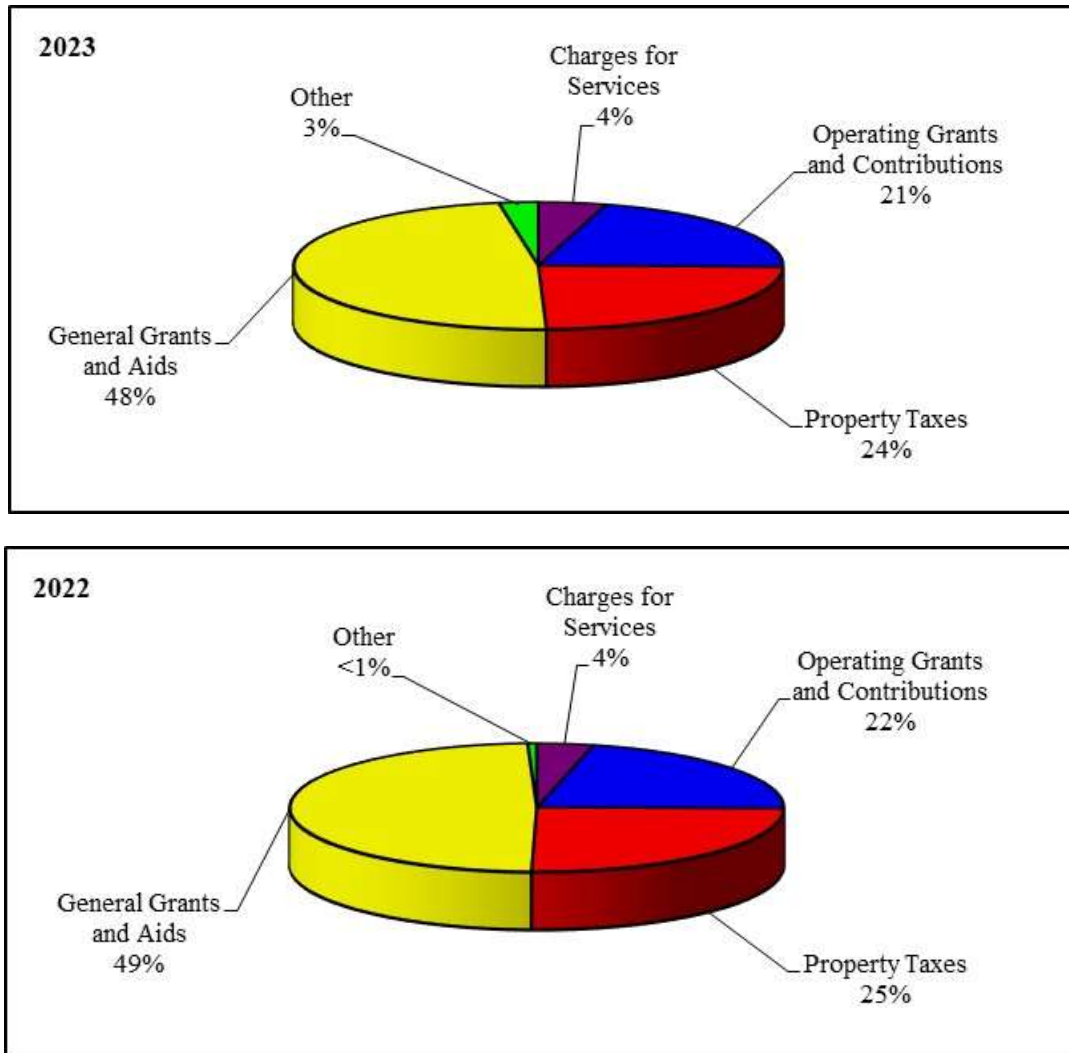
	2023	2022
Revenues		
Program revenues		
Charges for services	\$ 4,530,895	\$ 3,646,415
Operating grants and contributions	21,303,287	21,297,721
General revenues		
Property taxes	24,482,710	24,696,793
General grants and aids	48,750,338	48,389,353
Other	2,631,519	583,959
Total revenues	101,698,749	98,614,241
Expenses		
Administration	2,257,670	2,353,410
District support services	2,907,349	2,533,643
Elementary and secondary regular instruction	29,573,451	36,685,583
Vocational education instruction	478,528	523,242
Special education instruction	13,731,234	14,177,364
Instructional support services	7,154,633	6,514,420
Pupil support services	9,737,452	9,398,960
Sites and buildings	7,261,826	6,941,327
Fiscal and other fixed cost programs	343,102	434,353
Food service	3,819,980	3,571,896
Community service	4,474,168	4,248,030
Interest and fiscal charges	2,655,602	2,983,420
Total expenses	84,394,995	90,365,648
Change in net position	17,303,754	8,248,593
Net position – beginning	20,003,358	11,754,765
Net position – ending	\$ 37,307,112	\$ 20,003,358

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

Revenues increased by \$3,084,508, in the current year. Charges for services were up with changes in funding for school lunches and expanding programing in other areas. Other sources were up with improved investment results in the current year. Expenses were down compared to the prior year, due primarily to changes in the state-wide pension plans.

Figure A shows further analysis of these revenue sources:

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

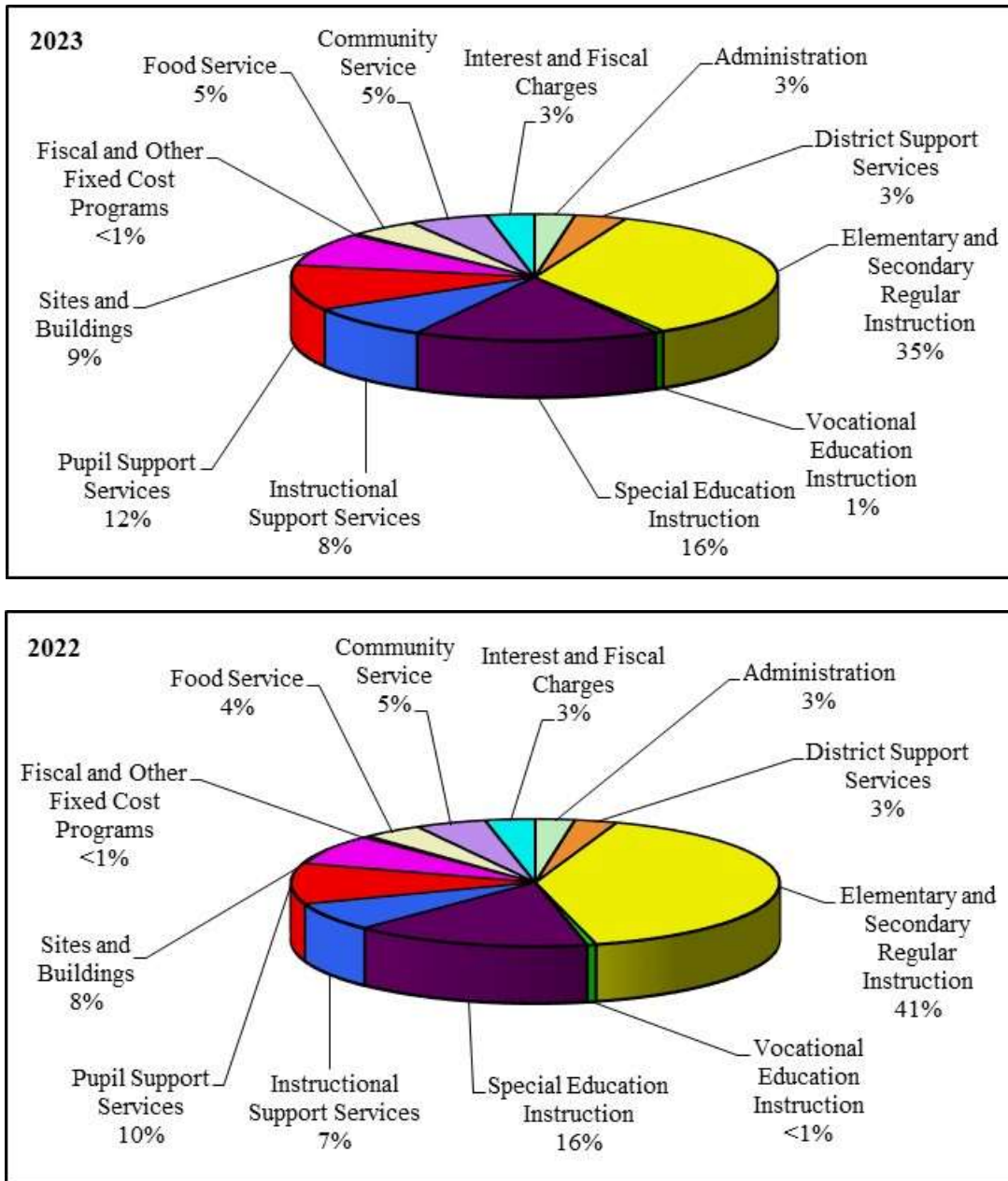


The largest share of the District’s revenue is received from the state, including the general education aid formula and most of the operating grants.

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

Figure B shows further analysis of these expense functions:

Figure B – Expenses for Fiscal Years 2023 and 2022



The District's expenses are predominately related to educating students. Programs (or functions), such as elementary and secondary regular instruction, vocational education instruction, special education instruction, and instructional support services are directly related to classroom instruction, while the rest of the programs support instruction and other necessary costs to operate the District. The shift in expenses between programs and the decrease in elementary and secondary regular instruction, when compared to prior year, was largely due to changes in the TRA state-wide pension plan obligations.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Major funds			
General	\$ 39,946,423	\$ 35,739,053	\$ 4,207,370
Debt Service	2,473,540	2,518,321	(44,781)
Nonmajor funds			
Food Service Special Revenue	1,193,400	1,006,344	187,056
Community Service Special Revenue	<u>130,414</u>	<u>86,563</u>	<u>43,851</u>
 Total governmental funds	 <u>\$ 43,743,777</u>	 <u>\$ 39,350,281</u>	 <u>\$ 4,393,496</u>

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use, as it represents the portion of fund balance that has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District's School Board.

At June 30, 2023, the District's governmental funds reported combined fund balances of \$43,743,777, an increase of \$4,393,496 from the prior year. Approximately 44.8 percent of this amount (\$19,588,488) constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is either nonspendable, restricted, or assigned to indicate that it is: 1) not in spendable form (\$344,143), 2) restricted for particular purposes (\$9,482,433), or 3) assigned for particular purposes (\$14,328,713).

Changes in the table above are discussed on the following pages.

ANALYSIS OF THE GENERAL FUND

Table 4 summarizes the amendments to the General Fund budget:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Change</u>	<u>Percent Change</u>
Revenue	<u>\$ 78,983,667</u>	<u>\$ 78,979,265</u>	<u>\$ (4,402)</u>	<u>0.0%</u>
Expenditures	<u>\$ 78,814,992</u>	<u>\$ 79,042,710</u>	<u>\$ 227,718</u>	<u>0.3%</u>

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to above as the original budget. During the year, the District amended that budget for known significant changes in circumstances, such as updated enrollment levels, legislative changes, additional funding received from grants or other local sources, staffing changes, employee contract settlements, insurance premium changes, special education tuition changes, or for new debt issued.

Table 5 summarizes the operating results of the General Fund:

	<u>2023 Actual</u>	<u>Over (Under) Final Budget</u>		<u>Over (Under) Prior Year</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Revenue	\$ 82,300,345	\$ 3,321,080	4.2%	\$ 2,526,163	3.2%
Expenditures	<u>78,188,423</u>	<u>(854,287)</u>	(1.1%)	<u>(190,747)</u>	(0.2%)
Excess of revenue over expenditures	4,111,922	4,175,367		2,716,910	
Other financing sources	<u>95,448</u>	<u>95,448</u>		<u>(955,196)</u>	
Net change in fund balances	<u>\$ 4,207,370</u>	<u>\$ 4,270,815</u>		<u>\$ 1,761,714</u>	

The fund balance of the General Fund increased \$4,207,370, compared to a decrease of \$63,445 approved in the final budget.

General Fund revenues were 4.2 percent over budget with the largest variance in state sources, which were \$1,352,143 more than projected in the budget. Conservative budgeting for investment earnings, other local sources, and state aid entitlements contributed to the favorable revenue variance. The District was also able to recognize more COVID-related entitlements that were not anticipated in the final budget, which also caused actual revenues to exceed budget. The increase over the prior year was largely in improved investment earnings and funding improvements for state general education and special education funding formulas.

General Fund expenditures were 1.1 percent under budget, with underspending largely in personnel costs with open positions and in capital spending due to timing of projects. Expenditures decreased, with less spending for employee benefits and capital outlay compared to the prior year.

COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER FUNDS

Debt Service Fund

Debt Service Fund expenditures exceeded revenues by \$44,781 in the current year, compared to a fund balance decrease of \$71,924 anticipated in the budget. The funding of the Debt Service Fund is largely controlled with each individual debt obligation's financing plan. The remaining fund balance of \$2,473,540 at June 30, 2023, is available for meeting future debt service obligations.

Food Service Special Revenue Fund

Food Service Special Revenue Fund revenues exceeded expenditures by \$187,056. The remaining fund balance of \$1,193,400 at June 30, 2023, is available to support future food service programming. Revenues exceeded budget due to conservative budgeting, with changes in funding models for the child nutrition program in recent years. Expenditures were under budget due to less than expected spending on supplies and materials and capital outlay.

Community Service Special Revenue Fund

Community Service Special Revenue Fund revenues exceeded expenditures, increasing fund balance by \$43,851, to end the year at \$130,414 as of June 30, 2023. Actual activity amounts for both revenues and expenditures surpassed budget with more program participation and related costs to provide programs than estimated in the final budget.

Internal Service Funds

Internal service funds are used to account for the financing of goods and services provided by one department or agency of a government to other departments or agencies on a cost-reimbursement basis. The District maintains two internal service funds. These funds are used to account for the District's self-insured health and dental benefits insurance activities. The net position balance for all internal service funds as of June 30, 2023 was \$6,187,173, which represents an increase of \$61,794 from the prior year.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

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

Table 6 Capital Assets			
	<u>2023</u>	<u>2022</u>	<u>Change</u>
Land	\$ 6,139,081	\$ 6,139,081	\$ –
Construction in progress	378,751	1,290,259	(911,508)
Improvements	35,332,661	32,088,317	3,244,344
Buildings	194,371,901	194,371,901	–
Furniture and equipment	9,144,731	8,891,698	253,033
Less accumulated depreciation	<u>(109,470,627)</u>	<u>(101,822,144)</u>	<u>(7,648,483)</u>
Total	<u><u>\$ 135,896,498</u></u>	<u><u>\$ 140,959,112</u></u>	<u><u>\$ (5,062,614)</u></u>
Depreciation expense	<u><u>\$ 7,761,154</u></u>	<u><u>\$ 7,647,446</u></u>	<u><u>\$ 113,708</u></u>

By the end of 2023, the District had invested in a broad range of capital assets, including school buildings, athletic facilities, and other equipment for various instructional programs (see Table 6).

The changes presented in the table above reflect the ongoing activity and completion of projects at district sites during fiscal year 2023, consistent with the activity of the long-term facilities maintenance and operating capital programs in the General Fund.

The District defines capital assets as those with an initial, individual cost of \$5,000 or more, which benefit more than one fiscal year.

Additional details about capital assets can be found in Note 3 of the notes to basic financial statements.

Long-Term Liabilities

Table 7 illustrates the components of the District's long-term liabilities with changes from the prior year:

	<u>2023</u>	<u>2022</u>	<u>Change</u>
General obligation bonds payable	\$ 91,825,000	\$ 99,105,000	\$ (7,280,000)
Unamortized premium/discount	6,704,516	7,644,594	(940,078)
Financed purchases payable	1,927,735	2,436,753	(509,018)
Net pension liability	55,129,275	30,183,057	24,946,218
Severance benefits payable	<u>324,680</u>	<u>440,860</u>	<u>(116,180)</u>
Total	<u><u>\$ 155,911,206</u></u>	<u><u>\$ 139,810,264</u></u>	<u><u>\$ 16,100,942</u></u>

The changes in general obligation bonds payable, unamortized premium/discount, and financed purchases payable reflect the District's scheduled debt payments and amortization occurring in the current year.

The differences in the net pension liability reflects the change in the District's proportionate share of the state-wide pension obligations for the PERA and the TRA.

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

District's market value	\$ 5,180,462,387
Limit rate	<u>15.0%</u>
Legal debt limit	<u><u>\$ 777,069,358</u></u>

Additional details of the District's long-term liabilities can be found in Note 4 of the notes to basic financial statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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 Services Office, Independent School District No. 16, 1415 81st Avenue Northeast, Spring Lake Park, Minnesota 55432.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 16

Statement of Net Position
as of June 30, 2023

(With Partial Comparative Information as of June 30, 2022)

	Governmental Activities	
	2023	2022
Assets		
Cash and temporary investments	\$ 51,728,739	\$ 46,945,643
Receivables		
Current taxes	14,941,245	16,657,279
Delinquent taxes	175,039	240,147
Accounts and interest	513,175	128,814
Due from other governmental units	9,605,969	8,616,073
Due from OPEB trust	4,530	–
Inventory	65,690	67,686
Prepaid items	278,453	409,596
Net OPEB asset	26,215	903,320
Capital assets		
Not depreciated	6,517,832	7,429,340
Depreciated, net of accumulated depreciation	129,378,666	133,529,772
Total capital assets, net of accumulated depreciation	<u>135,896,498</u>	<u>140,959,112</u>
Total assets	213,235,553	214,927,670
Deferred outflows of resources		
Pension plan deferments	17,973,898	20,799,754
OPEB plan deferments	1,237,407	1,046,454
Deferred charge on refunding	284,561	331,987
Total deferred outflows of resources	<u>19,495,866</u>	<u>22,178,195</u>
Total assets and deferred outflows of resources	<u>\$ 232,731,419</u>	<u>\$ 237,105,865</u>
Liabilities		
Salaries payable	\$ 384,695	\$ 369,967
Accounts and contracts payable	1,568,451	1,838,305
Accrued interest payable	1,410,203	1,550,452
Due to other governmental units	601,255	605,209
Unearned revenue	299,294	498,423
Claims incurred, but not reported	701,161	451,816
Long-term liabilities		
Due within one year	8,250,873	7,853,175
Due in more than one year	147,660,333	131,957,089
Total long-term liabilities	<u>155,911,206</u>	<u>139,810,264</u>
Total liabilities	160,876,265	145,124,436
Deferred inflows of resources		
Property taxes levied for subsequent year	23,532,757	23,623,896
Pension plan deferments	8,987,841	46,053,862
OPEB plan deferments	1,719,282	1,940,790
Deferred charge on refunding	308,162	359,523
Total deferred inflows of resources	<u>34,548,042</u>	<u>71,978,071</u>
Net position		
Net investment in capital assets	36,419,038	33,862,306
Restricted for		
Capital asset acquisition	4,401,427	2,994,019
Debt service	1,204,110	1,073,895
Food service	1,193,400	1,006,344
Community service	136,582	90,778
Other purposes (state funding restrictions)	1,308,594	1,427,576
Unrestricted	(7,356,039)	(20,451,560)
Total net position	<u>37,307,112</u>	<u>20,003,358</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 232,731,419</u>	<u>\$ 237,105,865</u>

INDEPENDENT SCHOOL DISTRICT NO. 16

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

Functions/Programs	2023			2022	2022
	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Governmental Activities
Governmental activities					
Administration	\$ 2,257,670	\$ -	\$ -	\$ (2,257,670)	\$ (2,353,410)
District support services	2,907,349	-	-	(2,907,349)	(2,533,643)
Elementary and secondary regular instruction	29,573,451	570,024	8,575,060	(20,428,367)	(28,231,569)
Vocational education instruction	478,528	-	22,949	(455,579)	(504,280)
Special education instruction	13,731,234	-	9,115,461	(4,615,773)	(5,801,243)
Instructional support services	7,154,633	-	-	(7,154,633)	(6,496,970)
Pupil support services	9,737,452	-	270,438	(9,467,014)	(9,189,368)
Sites and buildings	7,261,826	-	-	(7,261,826)	(6,941,327)
Fiscal and other fixed cost programs	343,102	-	-	(343,102)	(434,353)
Food service	3,819,980	1,143,965	2,564,820	(111,195)	687,338
Community service	4,474,168	2,816,906	754,559	(902,703)	(639,267)
Interest and fiscal charges	2,655,602	-	-	(2,655,602)	(2,983,420)
Total governmental activities	<u>\$ 84,394,995</u>	<u>\$ 4,530,895</u>	<u>\$ 21,303,287</u>	(58,560,813)	(65,421,512)
General revenues					
Taxes					
Property taxes, levied for general purposes				13,331,751	13,624,846
Property taxes, levied for community service				529,833	517,179
Property taxes, levied for debt service				10,621,126	10,554,768
General grants and aids				48,750,338	48,389,353
Other general revenues				1,109,656	779,122
Investment earnings (charges)				1,521,863	(195,163)
Total general revenues				<u>75,864,567</u>	<u>73,670,105</u>
Change in net position				17,303,754	8,248,593
Net position – beginning				<u>20,003,358</u>	<u>11,754,765</u>
Net position – ending				<u>\$ 37,307,112</u>	<u>\$ 20,003,358</u>

INDEPENDENT SCHOOL DISTRICT NO. 16

Balance Sheet
Governmental Funds
as of June 30, 2023

(With Partial Comparative Information as of June 30, 2022)

	General Fund	Debt Service Fund	Nonmajor Funds
Assets			
Cash and temporary investments	\$ 36,334,349	\$ 6,784,146	\$ 1,726,440
Receivables			
Current taxes	8,005,665	6,628,497	307,083
Delinquent taxes	92,626	78,658	3,755
Accounts and interest	466,863	-	46,312
Due from other governmental units	9,476,101	17,035	112,833
Inventory	40,748	-	24,942
Prepaid items	278,453	-	-
	<u>54,694,805</u>	<u>13,508,336</u>	<u>2,221,365</u>
Total assets	\$ 54,694,805	\$ 13,508,336	\$ 2,221,365
Liabilities			
Salaries payable	\$ 327,056	\$ -	\$ 57,639
Accounts and contracts payable	1,544,582	-	23,869
Due to other governmental units	572,395	-	28,860
Unearned revenue	23,457	-	275,837
	<u>2,467,490</u>	<u>-</u>	<u>386,205</u>
Total liabilities	2,467,490	-	386,205
Deferred inflows of resources			
Property taxes levied for subsequent year	12,123,126	10,904,453	505,178
Unavailable revenue – delinquent taxes	157,766	130,343	6,168
	<u>12,280,892</u>	<u>11,034,796</u>	<u>511,346</u>
Total deferred inflows of resources	12,280,892	11,034,796	511,346
Fund balances			
Nonspendable	319,201	-	24,942
Restricted	5,710,021	2,473,540	1,298,872
Assigned	14,328,713	-	-
Unassigned	19,588,488	-	-
	<u>39,946,423</u>	<u>2,473,540</u>	<u>1,323,814</u>
Total fund balances	39,946,423	2,473,540	1,323,814
Total liabilities, deferred inflows of resources, and fund balances	\$ 54,694,805	\$ 13,508,336	\$ 2,221,365

Total Governmental Funds

	2023		2022
\$	44,844,935	\$	40,368,448
	14,941,245		16,657,279
	175,039		240,147
	513,175		128,814
	9,605,969		8,616,073
	65,690		67,686
	278,453		409,596
	<u>70,424,506</u>		<u>66,488,043</u>
\$	<u>70,424,506</u>	\$	<u>66,488,043</u>
\$	384,695	\$	369,967
	1,568,451		1,838,305
	601,255		605,209
	299,294		498,423
	<u>2,853,695</u>		<u>3,311,904</u>
	23,532,757		23,623,896
	294,277		201,962
	<u>23,827,034</u>		<u>23,825,858</u>
	344,143		477,282
	9,482,433		7,991,188
	14,328,713		8,320,000
	19,588,488		22,561,811
	<u>43,743,777</u>		<u>39,350,281</u>
\$	<u>70,424,506</u>	\$	<u>66,488,043</u>

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INDEPENDENT SCHOOL DISTRICT NO. 16

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

	<u>2023</u>	<u>2022</u>
Total fund balances – governmental funds	\$ 43,743,777	\$ 39,350,281
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	245,367,125	242,781,256
Accumulated depreciation	(109,470,627)	(101,822,144)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt 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 payable	(91,825,000)	(99,105,000)
Unamortized premium/discount	(6,704,516)	(7,644,594)
Financed purchases payable	(1,927,735)	(2,436,753)
Net pension liability	(55,129,275)	(30,183,057)
Severance benefits payable	(324,680)	(440,860)
Net other post-employment benefit assets (obligations) reported in the Statement of Net Position do not require the use of current financial resources and are not reported as assets in governmental funds until actually due.	26,215	903,320
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.	(1,410,203)	(1,550,452)
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.	6,187,173	6,125,379
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	17,973,898	20,799,754
Deferred outflows of resources – OPEB plan deferments	1,237,407	1,046,454
Deferred outflows of resources – deferred charge on refunding	284,561	331,987
Deferred inflows of resources – unavailable revenue – delinquent taxes	294,277	201,962
Deferred inflows of resources – pension plan deferments	(8,987,841)	(46,053,862)
Deferred inflows of resources – OPEB plan deferments	(1,719,282)	(1,940,790)
Deferred inflows of resources – deferred charge on refunding	(308,162)	(359,523)
Total net position – governmental activities	<u>\$ 37,307,112</u>	<u>\$ 20,003,358</u>

INDEPENDENT SCHOOL DISTRICT NO. 16

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

	General Fund	Debt Service Fund	Nonmajor Funds
Revenue			
Local sources			
Property taxes	\$ 13,280,339	\$ 10,582,176	\$ 527,880
Investment earnings (charges)	1,133,984	171,038	43,977
Other	1,584,232	-	3,960,871
State sources	61,964,872	170,345	784,440
Federal sources	4,336,918	-	2,534,939
Total revenue	<u>82,300,345</u>	<u>10,923,559</u>	<u>7,852,107</u>
Expenditures			
Current			
Administration	2,345,835	-	-
District support services	2,622,971	-	-
Elementary and secondary regular instruction	32,838,870	-	-
Vocational education instruction	510,278	-	-
Special education instruction	14,060,152	-	-
Instructional support services	7,038,644	-	-
Pupil support services	9,080,288	-	-
Sites and buildings	8,787,741	-	-
Fiscal and other fixed cost programs	343,102	-	-
Food service	-	-	3,418,610
Community service	-	-	4,064,186
Capital outlay	-	-	138,404
Debt service			
Principal	509,018	7,280,000	-
Interest and fiscal charges	51,524	3,688,340	-
Total expenditures	<u>78,188,423</u>	<u>10,968,340</u>	<u>7,621,200</u>
Excess (deficiency) of revenue over expenditures	4,111,922	(44,781)	230,907
Other financing sources			
Sale of capital assets	95,448	-	-
Debt issued	-	-	-
Total other financing sources (uses)	<u>95,448</u>	<u>-</u>	<u>-</u>
Net change in fund balances	4,207,370	(44,781)	230,907
Fund balances			
Beginning of year	<u>35,739,053</u>	<u>2,518,321</u>	<u>1,092,907</u>
End of year	<u>\$ 39,946,423</u>	<u>\$ 2,473,540</u>	<u>\$ 1,323,814</u>

Total Governmental Funds	
2023	2022
\$ 24,390,395	\$ 24,662,848
1,348,999	(171,606)
5,545,103	4,394,031
62,919,657	60,596,620
6,871,857	9,345,140
<u>101,076,011</u>	<u>98,827,033</u>
2,345,835	2,246,342
2,622,971	2,428,319
32,838,870	34,924,725
510,278	500,585
14,060,152	13,437,133
7,038,644	6,139,509
9,080,288	8,725,954
8,787,741	8,981,707
343,102	434,353
3,418,610	3,326,125
4,064,186	4,043,759
138,404	346,592
7,789,018	7,468,690
3,739,864	4,046,581
<u>96,777,963</u>	<u>97,050,374</u>
4,298,048	1,776,659
95,448	53,750
—	996,894
<u>95,448</u>	<u>1,050,644</u>
4,393,496	2,827,303
<u>39,350,281</u>	<u>36,522,978</u>
<u>\$ 43,743,777</u>	<u>\$ 39,350,281</u>

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INDEPENDENT SCHOOL DISTRICT NO. 16

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

	<u>2023</u>	<u>2022</u>
Total net change in fund balances – governmental funds	\$ 4,393,496	\$ 2,827,303
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	2,698,540	3,120,485
Depreciation expense	(7,761,154)	(7,647,446)
A gain or 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.		
	–	(22,244)
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.		
	–	(996,894)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds payable	7,280,000	6,955,000
Financed purchases payable	509,018	513,690
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.		
	140,249	119,149
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.		
	61,794	91,830
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.		
	940,078	940,077
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	(24,946,218)	18,012,417
Severance benefits payable	116,180	81,825
Net OPEB asset	(877,105)	(535,967)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	(2,825,856)	(1,514,794)
Deferred outflows of resources – OPEB plan deferments	190,953	802,233
Deferred outflows of resources – deferred charge on refunding	(47,426)	(47,426)
Deferred inflows of resources – unavailable revenue – delinquent taxes	92,315	33,945
Deferred inflows of resources – pension plan deferments	37,066,021	(14,370,557)
Deferred inflows of resources – OPEB plan deferments	221,508	(165,394)
Deferred inflows of resources – deferred charge on refunding	51,361	51,361
Change in net position – governmental activities	<u>\$ 17,303,754</u>	<u>\$ 8,248,593</u>

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INDEPENDENT SCHOOL DISTRICT NO. 16

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

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Property taxes	\$ 13,524,812	\$ 13,299,812	\$ 13,280,339	\$ (19,473)
Investment earnings	75,000	310,100	1,133,984	823,884
Other	1,005,000	1,009,900	1,584,232	574,332
State sources	60,992,475	60,612,729	61,964,872	1,352,143
Federal sources	3,386,380	3,746,724	4,336,918	590,194
Total revenue	<u>78,983,667</u>	<u>78,979,265</u>	<u>82,300,345</u>	<u>3,321,080</u>
Expenditures				
Current				
Administration	2,563,301	2,391,721	2,345,835	(45,886)
District support services	3,270,247	2,610,201	2,622,971	12,770
Elementary and secondary regular instruction	34,685,323	33,840,326	32,838,870	(1,001,456)
Vocational education instruction	432,578	488,468	510,278	21,810
Special education instruction	14,098,123	14,143,750	14,060,152	(83,598)
Instructional support services	5,650,179	6,827,230	7,038,644	211,414
Pupil support services	9,012,893	8,567,792	9,080,288	512,496
Sites and buildings	8,421,622	9,235,471	8,787,741	(447,730)
Fiscal and other fixed cost programs	375,000	375,000	343,102	(31,898)
Debt service				
Principal	265,333	509,018	509,018	–
Interest and fiscal charges	40,393	53,733	51,524	(2,209)
Total expenditures	<u>78,814,992</u>	<u>79,042,710</u>	<u>78,188,423</u>	<u>(854,287)</u>
Excess (deficiency) of revenue over expenditures	168,675	(63,445)	4,111,922	4,175,367
Other financing sources				
Sale of capital assets	–	–	95,448	95,448
Net change in fund balances	<u>\$ 168,675</u>	<u>\$ (63,445)</u>	<u>4,207,370</u>	<u>\$ 4,270,815</u>
Fund balances				
Beginning of year			<u>35,739,053</u>	
End of year			<u>\$ 39,946,423</u>	

INDEPENDENT SCHOOL DISTRICT NO. 16

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

	<u>2023</u>	<u>2022</u>
Assets		
Current assets		
Cash and temporary investments	\$ 6,883,804	\$ 6,577,195
Receivables		
Due from other funds	<u>4,530</u>	<u>—</u>
Total current assets	<u>6,888,334</u>	<u>6,577,195</u>
Liabilities		
Current liabilities		
Claims incurred, but not reported	<u>701,161</u>	<u>451,816</u>
Net position		
Unrestricted	<u>\$ 6,187,173</u>	<u>\$ 6,125,379</u>

INDEPENDENT SCHOOL DISTRICT NO. 16

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

	<u>2023</u>	<u>2022</u>
Operating revenue		
Charges for services		
Contributions from governmental funds	\$ 6,324,692	\$ 6,410,605
Operating expenses		
Health benefit claims	5,909,967	5,772,963
Dental benefit claims	525,795	522,255
Total operating expenses	<u>6,435,762</u>	<u>6,295,218</u>
Operating income (loss)	(111,070)	115,387
Nonoperating revenue		
Investment earnings (charges)	<u>172,864</u>	<u>(23,557)</u>
Change in net position	61,794	91,830
Net position		
Beginning of year	<u>6,125,379</u>	<u>6,033,549</u>
End of year	<u>\$ 6,187,173</u>	<u>\$ 6,125,379</u>

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INDEPENDENT SCHOOL DISTRICT NO. 16

Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2023

(With Partial Comparative Information for the Year Ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Contributions from governmental funds	\$ 6,320,162	\$ 6,412,545
Payment for health claims	(5,676,666)	(5,756,417)
Payment for dental claims	(509,751)	(527,855)
Net cash flows from operating activities	<u>133,745</u>	<u>128,273</u>
Cash flows from investing activities		
Investment earnings received (charged)	<u>172,864</u>	<u>(23,557)</u>
Net change in cash and cash equivalents	306,609	104,716
Cash and cash equivalents		
Beginning of year	<u>6,577,195</u>	<u>6,472,479</u>
End of year	<u>\$ 6,883,804</u>	<u>\$ 6,577,195</u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	\$ (111,070)	\$ 115,387
Adjustments to reconcile operating income to net cash flows from operating activities		
Changes in assets and liabilities		
Due from other funds	(4,530)	1,940
Claims incurred, but not reported	<u>249,345</u>	<u>10,946</u>
Net cash flows from operating activities	<u>\$ 133,745</u>	<u>\$ 128,273</u>

INDEPENDENT SCHOOL DISTRICT NO. 16

Statement of Fiduciary Net Position
as of June 30, 2023

	<u>Post-Employment Benefits Trust Fund</u>
Assets	
Investments held by trustee	
Mutual funds	\$ 6,020,426
Liabilities	
Due to other funds	<u>4,530</u>
Net position	
Restricted for OPEB	<u><u>\$ 6,015,896</u></u>

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

	<u>Post-Employment Benefits Trust Fund</u>
Additions	
Investment earnings	\$ 8,565
Deductions	
Benefits	<u>4,530</u>
Change in fiduciary net position	4,035
Net position	
Beginning of year	<u>6,011,861</u>
End of year	<u><u>\$ 6,015,896</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 16

Notes to Basic Financial Statements
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 16 (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 District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

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

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

C. Government-Wide Financial Statement Presentation

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. Generally, the effect of material interfund activity has been removed from the government-wide financial statements. Transactions representing interfund services provided and used are not eliminated in the consolidation process to the government-wide financial statements.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 revenues are recognized when all eligibility requirements imposed by the provider have been met.

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. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements.

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

- 1. Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District generally considers revenues, including property taxes, to be available if they are collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to funding formulas established by Minnesota Statutes. Proceeds of long-term debt and acquisitions under lease are reported as other financing sources.
- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and other long-term obligations, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary funds are presented in the fiduciary fund financial statements by type: the District has a pension (and other employee benefit) trust 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.

Proprietary 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.

Description of Funds

The existence of the various district funds has been established by the Minnesota Department of Education (MDE). 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 the District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and payment of, general obligation debt principal, interest, and related costs. The regular debt service account is used for all general obligation debt service except for the financial activities of the other post-employment benefits (OPEB) debt service account. The OPEB debt service account is used for the taxable OPEB bond issues of the District.

Nonmajor Governmental Funds

Food Service Special Revenue Fund – The Food Service Special Revenue Fund is used primarily to record financial activities of the District’s child nutrition program.

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

Proprietary Funds

Internal Service Funds – Internal service funds account for the financing of goods or services provided by one department to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The District’s internal service funds are used to account for dental and health insurance benefits offered by the District to its employees as a self-insured plan.

Fiduciary Fund

Post-Employment Benefits Trust Fund – The Post-Employment Benefits Trust Fund is used to administer resources received and held by the District as the trustee for others. The Post-Employment Benefits Trust Fund includes assets held in an irrevocable trust to fund post-employment insurance benefits of eligible employees.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Information

The School Board adopts an annual budget for the General, Food Service Special Revenue, Community Service Special Revenue, and the Debt Service Funds prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. Budgeted appropriations lapse at year-end.

Expenditures in the Community Service Special Revenue Fund exceeded budgeted appropriations by \$319,494 for the year ended June 30, 2023. This variance was financed by revenues in excess of budget.

F. Cash and Temporary Investments

Cash and temporary investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

Cash and investments held by trustee include balances held in segregated accounts established for specific purposes. In the Post-Employment Benefits Trust Fund, this represents assets contributed to an irrevocable trust established to finance the District's liability for post-employment insurance benefits. Interest earned on these investments is allocated directly to the appropriate fund.

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 equivalent. The proprietary (internal service) fund's equity in the government-wide cash and investment management pool is considered to be cash equivalent.

Investments are generally stated at fair value, except for investments in certain 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables

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

At year-end, the District reported the following receivables due from other governmental units:

Due from the MDE	\$ 9,215,503
Due from other Minnesota school districts	351,370
Due from Anoka County and others	<u>39,096</u>
Total due from other governmental units	<u>\$ 9,605,969</u>

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. Inventories also include the value of land and materials associated within the District’s vocational program. Purchased food and supplies are recorded at cost on a first-in, first-out basis. 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. Prepaid items are recorded as expenses/expenditures at the time of consumption.

J. Property Taxes

The majority of the District’s revenue in the General Fund is determined annually by statutory funding formulas. The total revenue allowed by these formulas is allocated between property taxes and state aids by the 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 \$1,046,888 of the property tax levy collectible in 2023 as revenue to the District in fiscal year 2022–2023. The remaining portion of the taxes collectible in 2023 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

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

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets

Capital assets that are purchased or constructed by the District are recorded at historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation. The District defines capital assets as those with an initial, individual cost of \$5,000 or more, which benefit more than one fiscal year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statements, but are not reported in the governmental fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are generally sold for an immaterial amount or scrapped when declared as no longer fit or needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for improvements and buildings, and 5 to 20 years for furniture and equipment. Land and construction in progress are not depreciated.

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

L. Long-Term Obligations

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

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

M. Vacation Pay

Under the terms of union contracts, certain employees accrue vacation at varying rates, portions of which may be carried over to future years. Employees are reimbursed for any unused, accrued vacation and related benefits upon termination. Unused vacation pay is accrued in governmental fund financial statements only when it has matured, due to employee termination or similar circumstances. Since teachers are not eligible for vacation pay and amounts accrued to other employees are insignificant, no long-term portion of vacation liabilities is recorded in the government-wide financial statements.

N. Sick Pay

Substantially all district employees are entitled to sick leave at various rates. Sick leave is accrued in the governmental funds when used or matured prior to year-end. Unused sick leave enters into the calculation of an employee's severance pay upon termination for certain collective bargaining units.

O. Severance Benefits

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Severance payable and the District's share of related benefits are recorded as a liability in the government-wide financial statements as it is earned and it becomes probable that it will vest at some point in the future. Severance pay is accrued in the governmental fund financial statements when the liability matures, due to employee termination.

P. State-Wide Pension Plans

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

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

Q. Other Post-Employment Benefits (OPEB) Plan

For purposes of measuring the net OPEB liability (asset), deferred outflows/inflows of resources, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the District. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

R. Risk Management and Self-Insurance

- 1. General Insurance** – The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which 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.
- 2. Self-Insurance** – The District has established two internal service funds 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 dental and healthcare costs as described in the plans.

The District makes premium payments that include both employer and employee contributions to the internal service funds 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 health insurance premium costs and administrative service charges.

District claim 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 complex factors, such as inflation, changes in legal doctrines, and damage awards, the process used in computing a claim liability does not necessarily result in an exact amount. Claim liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in the balance of health claim liabilities for the last two years were as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2022	\$ 414,568	\$ 5,772,963	\$ 5,756,417	\$ 431,114
2023	\$ 431,114	\$ 5,909,967	\$ 5,676,666	\$ 664,415

Changes in the balance of dental claim liabilities for the last two years were as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2022	\$ 26,302	\$ 522,255	\$ 527,855	\$ 20,702
2023	\$ 20,702	\$ 525,795	\$ 509,751	\$ 36,746

S. Deferred Outflows/Inflows of Resources

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

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

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

The District reports deferred outflows and inflows of resources related to pensions and OPEB plans reported in the government-wide Statement of Net Position. These deferred outflows and inflows result from differences between expected and actual economic experience, changes in actuarial assumptions, net collective difference between projected and actual investment earnings, changes in proportion, 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.

The District reports deferred outflows and inflows of resources related to the deferred charge on refunding in the government-wide Statement of Net Position. A deferred charge 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. Net Position

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

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, 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.”

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

U. Fund Balance Classifications

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

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by resolution of the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to School Board resolution, the District’s superintendent and the executive director of business services are authorized to establish assignments of fund balance.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, the District uses restricted resources first then uses unrestricted resources as they are needed.

When committed, assigned, or unassigned resources are available for use, the District uses resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. 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 in the financial statements during the reporting period. Actual results could differ from those estimates.

W. Prior Period Comparative Financial Information/Reclassification

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

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	\$	47,064
Investments		<u>57,702,101</u>
Total	\$	<u><u>57,749,165</u></u>

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

Statement of Net Position		
Cash and temporary investments	\$	51,728,739
Statement of Fiduciary Net Position		
Post-Employment Benefits Trust Fund		
Investments held by trustee		
Mutual funds		<u>6,020,426</u>
Total	\$	<u><u>57,749,165</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 and bank balance of the District’s deposits was \$47,064. At year-end, 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	Interest Risk – Maturity Duration in Years			Total
	Rating	Agency		Less Than 1	1 to 5	6 to 10	
Negotiable certificates of deposit	N/R	N/A	Level 2	\$ 480,240	\$ 938,559	\$ 491,641	\$ 1,910,440
Municipal bonds	AAA	S&P	Level 2	\$ –	\$ 975,613	\$ –	975,613
Municipal bonds	AA	S&P	Level 2	\$ –	\$ 1,059,126	\$ –	1,059,126
Municipal bonds	A	S&P	Level 2	\$ –	\$ 234,995	\$ –	234,995
Municipal bonds	AA	Moody's	Level 2	\$ –	\$ 595,692	\$ 363,528	959,220
Municipal bonds	A	Moody's	Level 2	\$ 389,335	\$ 206,164	\$ –	595,499
Investment pools/mutual funds							
MSDLAF MAX Class	AAA	S&P	Amortized cost	N/A	N/A	N/A	10,131,307
MSDLAF Term Series	AAA	Fitch	Amortized cost	N/A	N/A	N/A	31,000,000
MNTrust Investment Shares Portfolio	AAA	S&P	Amortized cost	N/A	N/A	N/A	52,114
MNTrust Limited Term Duration	N/R	N/A	Amortized cost	N/A	N/A	N/A	4,740,003
First American Government Obligations Fund	AAA	S&P	Level 1	N/A	N/A	N/A	25,956
U.S. Government Money Market Fund	AAA	S&P	Level 1	N/A	N/A	N/A	23,358
Mutual funds	N/R	N/A	Level 1	N/A	N/A	N/A	<u>5,994,470</u>
Total investments							<u>\$ 57,702,101</u>

N/A – Not Applicable

N/R – Not Rated

The District's investments include investment pools managed by the Minnesota School District Liquid Asset Fund (MSDLAF) and MNTrust, which are external investment pools regulated by Minnesota Statutes not registered with the Securities and Exchange Commission. The District's investments in these investment pools are measured at the net asset value per share provided by the pools, which are based on amortized cost methods that approximates fair value. There are no restrictions or limitations on withdrawals from the MNTrust Investment Shares Portfolio or MSDLAF Liquid Class investment pools. Investments in the MSDLAF MAX Class must be deposited for a minimum of 14 calendar days with the exception of direct investments of funds distributed by the state of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty and there is a 24-hour hold on all requests for redemptions. MSDLAF Term Series have a maturity of 60 days to one year and early withdrawal may result in substantial early redemption penalties.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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. Investments in investment pools and money markets are not evidenced by securities that exist in physical or book entry form and, therefore, are not subject to custodial credit risk disclosures. 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.

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

For assets held in the Post-Employment Benefits Trust Fund, the investment options available to the District are expanded to include the investment types specified in Minnesota Statutes § 356A.06, Subd. 7. The District’s investment policies do not further restrict investing in specific financial instruments.

Concentration Risk – This is the risk associated with investing a significant portion of the District’s investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District’s investment policies do not address concentration risk.

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

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the current year ended is as follows:

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 6,139,081	\$ –	\$ –	\$ –	\$ 6,139,081
Construction in progress	1,290,259	2,179,678	–	(3,091,186)	378,751
Total capital assets, not depreciated	<u>7,429,340</u>	<u>2,179,678</u>	<u>–</u>	<u>(3,091,186)</u>	<u>6,517,832</u>
Capital assets, depreciated					
Improvements	32,088,317	153,158	–	3,091,186	35,332,661
Buildings	194,371,901	–	–	–	194,371,901
Furniture and equipment	8,891,698	365,704	(112,671)	–	9,144,731
Total capital assets, depreciated	<u>235,351,916</u>	<u>518,862</u>	<u>(112,671)</u>	<u>3,091,186</u>	<u>238,849,293</u>
Less accumulated depreciation for					
Improvements	(11,839,615)	(3,137,452)	–	–	(14,977,067)
Buildings	(82,453,250)	(4,262,957)	–	–	(86,716,207)
Furniture and equipment	(7,529,279)	(360,745)	112,671	–	(7,777,353)
Total accumulated depreciation	<u>(101,822,144)</u>	<u>(7,761,154)</u>	<u>112,671</u>	<u>–</u>	<u>(109,470,627)</u>
Net capital assets, depreciated	<u>133,529,772</u>	<u>(7,242,292)</u>	<u>–</u>	<u>3,091,186</u>	<u>129,378,666</u>
Total capital assets, net	<u>\$140,959,112</u>	<u>\$ (5,062,614)</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$135,896,498</u>

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

Administration	\$ 213,914
District support services	239,186
Elementary and secondary regular instruction	2,994,542
Vocational education instruction	46,532
Special education instruction	1,282,131
Instructional support services	641,847
Pupil support services	828,022
Sites and buildings	832,632
Food service	311,739
Community service	370,609
Total depreciation expense	<u>\$ 7,761,154</u>

NOTE 4 – LONG-TERM LIABILITIES

A. General Obligation Bonds Payable

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

Issue	Issue Date	Interest Rate	Face/Par Value	Remaining Maturities	Principal Outstanding
2014A Refunding Bonds	10/28/2014	4.00–5.00%	\$ 36,025,000	02/01/2024–02/01/2029	\$ 19,695,000
2015A Refunding Bonds	12/30/2015	3.00–4.00%	\$ 29,715,000	02/01/2024–02/01/2029	15,840,000
2016A Building Bonds	07/07/2016	3.00–5.00%	\$ 46,245,000	02/01/2024–02/01/2035	46,245,000
2017A Refunding Bonds	06/08/2017	3.00–5.00%	\$ 15,830,000	02/01/2024–02/01/2029	9,540,000
2018A Taxable OPEB Refunding Bonds	11/06/2018	2.95–3.45%	\$ 3,770,000	02/01/2024–02/01/2025	505,000
Total general obligation bonds payable outstanding					<u>\$ 91,825,000</u>

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

B. Financed Purchases Payable

The District currently has the following financed purchases payable outstanding:

Issue	Issue Date	Interest Rate	Face/Par Value	Remaining Maturities	Principal Outstanding
Financed purchases payable					
Building improvements	06/12/2013	2.48%	\$ 3,815,000	12/01/2023–06/01/2028	\$ 1,429,343
Technology equipment	07/05/2021	1.50%	\$ 996,894	07/05/2023–07/05/2024	498,392
Total financed purchases payable outstanding					<u>\$ 1,927,735</u>

These debt obligations were issued to finance improvements at district facilities and certain technology equipment. These obligations will be repaid through the General Fund.

The obligations are secured by a ground lease and equipment. If the District fails to make the required payments specified in this agreement or otherwise defaults on the debt, the debtor may 1) declare all rental payments due or to become due, to be immediately due and payable, 2) take possession without terminating the agreement, holding the District responsible for the difference in the net income derived from such possession and the rent due under this agreement, 3) exclude the District from possession of the property and attempt to sell or again rent the property, holding the District responsible for the rent due under the agreement until the property is sold or rented again, or 4) take legal action to force performance under the terms of the agreement.

C. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including severance benefits payable, pensions, and OPEB. The details of these various benefit liabilities are discussed elsewhere in these notes. Such benefits are financed primarily from the General Fund. The District has also established a Post-Employment Benefits Trust Fund to finance OPEB obligations.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

District employees participate in two state-wide cost-sharing, multiple-employer defined benefit pension 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 for the current year:

<u>Pension Plans</u>	<u>Net Pension Liabilities</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
PERA	\$ 11,800,849	\$ 3,874,696	\$ 235,090	\$ 1,734,699
TRA	43,328,426	14,099,202	8,752,751	(6,756,404)
Total	<u>\$ 55,129,275</u>	<u>\$ 17,973,898</u>	<u>\$ 8,987,841</u>	<u>\$ (5,021,705)</u>

D. Minimum Debt Payments

Minimum annual principal and interest payments to maturity for general obligation bonds payable and financed purchases payable are as follows:

<u>Year Ending June 30,</u>	<u>General Obligation Bonds Payable</u>		<u>Financed Purchases Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 7,625,000	\$ 3,359,455	\$ 519,295	\$ 41,248
2025	7,970,000	3,012,365	529,791	30,752
2026	8,385,000	2,680,250	285,695	20,030
2027	8,710,000	2,355,250	292,825	12,901
2028	9,025,000	2,039,800	300,129	5,594
2029–2033	35,645,000	5,810,700	–	–
2034–2035	14,465,000	654,150	–	–
	<u>\$ 91,825,000</u>	<u>\$ 19,911,970</u>	<u>\$ 1,927,735</u>	<u>\$ 110,525</u>

E. Changes in Long-Term Liabilities

	<u>Balance – Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance – End of Year</u>	<u>Due Within One Year</u>
General obligation bonds payable	\$ 99,105,000	\$ –	\$ 7,280,000	\$ 91,825,000	\$ 7,625,000
Unamortized premium/discount	7,644,594	–	940,078	6,704,516	–
Financed purchases payable	2,436,753	–	509,018	1,927,735	519,295
Net pension liability	30,183,057	28,713,584	3,767,366	55,129,275	–
Severance benefits payable	440,860	23,968	140,148	324,680	106,578
	<u>\$ 139,810,264</u>	<u>\$ 28,737,552</u>	<u>\$ 12,636,610</u>	<u>\$ 155,911,206</u>	<u>\$ 8,250,873</u>

NOTE 5 – NET POSITION/FUND BALANCES

A. Net Investment in Capital Assets

The government-wide statement of net position at year-end includes the District's net investment in capital assets calculated as follows:

Net investment in capital assets	
Capital assets	
Not depreciated	\$ 6,517,832
Depreciated, net of accumulated depreciation	129,378,666
Capital related long-term debt adjustments	
Capital related general obligation bonds payable	(91,320,000)
Unamortized premium/discount	(6,704,516)
Deferred outflows of resources – deferred charge on refunding	284,561
Deferred inflows of resources – deferred charge on refunding	(308,162)
Capital related financed purchases	<u>(1,429,343)</u>
Total net investment in capital assets	<u>\$ 36,419,038</u>

B. Governmental Fund Balance Classification

The classifications on the following page are a breakdown of equity components of governmental funds, which are defined earlier in the report. When applicable, certain state funding restrictions, which have an accumulated deficit balance at June 30 are included in unassigned fund balance in the District's financial statements in accordance with accounting principles generally accepted in the United States of America. A description of these deficit balance restrictions is included herein since the District has specific authority to future resources for such deficits. Fund balance is only assigned if there is available unassigned fund balance to cover such deficits that are part of disclosure purposes only.

Minimum Fund Balance Policy – The School Board has formally adopted a fund balance policy regarding the unassigned fund balance for the General Fund. The policy establishes the District will strive to maintain a minimum unassigned General Fund balance of no less than two months of General Fund operating expenditures. At year-end, the District's unassigned fund balance continues to meet their minimum fund balance policy goal.

NOTE 5 – NET POSITION/FUND BALANCES (CONTINUED)

Classifications – At year-end, a summary of the District’s governmental fund balance classifications are as follows:

	General Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable				
Inventory	\$ 40,748	\$ –	\$ 24,942	\$ 65,690
Prepaid items	278,453	–	–	278,453
Total nonspendable	319,201	–	24,942	344,143
Restricted				
Scholarships	164,810	–	–	164,810
Staff development	486,528	–	–	486,528
Capital projects levy	1,455,200	–	–	1,455,200
Operating capital	1,695,566	–	–	1,695,566
Basic skills	600,222	–	–	600,222
Long-term facilities maintenance	1,250,661	–	–	1,250,661
Medical Assistance	57,034	–	–	57,034
Debt service	–	2,473,540	–	2,473,540
Food service	–	–	1,168,458	1,168,458
Community education programs	–	–	3,359	3,359
Early childhood family education	–	–	35,486	35,486
School readiness	–	–	1,249	1,249
Community service	–	–	90,320	90,320
Total restricted	5,710,021	2,473,540	1,298,872	9,482,433
Assigned				
Employee benefits	2,008,713	–	–	2,008,713
Capital projects	11,000,000	–	–	11,000,000
Technology	320,000	–	–	320,000
Curriculum	1,000,000	–	–	1,000,000
Total assigned	14,328,713	–	–	14,328,713
Unassigned				
	19,588,488	–	–	19,588,488
Total	\$ 39,946,423	\$ 2,473,540	\$ 1,323,814	\$ 43,743,777

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

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

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

2. Teachers Retirement Association (TRA)

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

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

B. Benefits Provided

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

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

1. GERF Benefits

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

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

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, 2025 or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

2. TRA Benefits

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

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

Tier I Benefits

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

With these provisions:

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

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

Tier II Benefits

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

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

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

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

C. Contributions

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

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2023 and the District was required to contribute 7.5 percent for Coordinated Plan members. The District’s contributions to the GERF for the year ended June 30, 2023, were \$852,060. The District’s contributions were equal to the required contributions as set by state statutes.

2. TRA Contributions

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

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

The District’s contributions to the TRA for the plan’s fiscal year ended June 30, 2023, were \$2,910,930. The District’s contributions were equal to the required contributions for each year as set by state statutes.

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

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

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

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

D. Pension Costs

1. GERF Pension Costs

At June 30, 2023, the District reported a liability of \$11,800,849 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 \$345,812. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportionate share of the net pension liability was based on the District’s contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all of the PERA’s participating employers. The District’s proportionate share was 0.1490 percent at the end of the measurement period and 0.1491 percent for the beginning of the period.

District’s proportionate share of the net pension liability	\$ 11,800,849
State’s proportionate share of the net pension liability associated with the District	\$ 345,812

For the year ended June 30, 2023, the District recognized pension expense of \$1,682,993 for its proportionate share of the GERF’s pension expense. In addition, the District recognized an additional \$51,706 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota’s contribution of \$16 million to the GERF.

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 98,569	\$ 126,289
Changes in actuarial assumptions	2,672,484	48,641
Net collective difference between projected and actual investment earnings	207,353	–
Changes in proportion	44,230	60,160
District’s contributions to the GERF subsequent to the measurement date	<u>852,060</u>	<u>–</u>
Total	<u>\$ 3,874,696</u>	<u>\$ 235,090</u>

The \$852,060 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2024	\$ 1,047,910
2025	\$ 1,050,570
2026	\$ (378,144)
2027	\$ 1,067,210

2. TRA Pension Costs

At June 30, 2023, the District reported a liability of \$43,328,426 for its proportionate share of the TRA’s net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Minneapolis School District. The District’s proportionate share was 0.5411 percent at the end of the measurement period and 0.5442 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	\$ 43,328,426
State’s proportionate share of the net pension liability associated with the District	\$ 3,213,035

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

For the year ended June 30, 2023, the District recognized a negative pension expense of \$7,198,206. It also recognized \$441,802 as an increase to pension expense for the support provided by direct aid.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 623,724	\$ 370,335
Changes in actuarial assumptions	6,980,390	8,269,362
Net collective difference between projected and actual investment earnings on pension plan investments	1,078,684	–
Changes in proportion	2,505,474	113,054
District’s contributions to the TRA subsequent to the measurement date	<u>2,910,930</u>	<u>–</u>
Total	<u>\$ 14,099,202</u>	<u>\$ 8,752,751</u>

A total of \$2,910,930 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2024	\$ (5,956,593)
2025	\$ 1,692,779
2026	\$ 864,448
2027	\$ 5,826,947
2028	\$ 7,940

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.

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

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

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

F. Actuarial Methods and Assumptions

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

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

1. GERF

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

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

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

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

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

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

2. TRA

Salary increases were based on a service-related table.

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

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

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

The following changes in actuarial assumptions occurred in 2022:

1. GERF

CHANGES IN ACTUARIAL ASSUMPTIONS

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

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

- None.

G. Discount Rate

1. GERF

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

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

2. TRA

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

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 above and on the preceding page, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<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	\$ 18,640,059	\$ 11,800,849	\$ 6,191,641
TRA discount rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	\$ 68,304,904	\$ 43,328,426	\$ 22,855,501

I. Pension Plan Fiduciary Net Position

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

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

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

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

The District administers a defined benefit Post-Employment Benefits Trust Fund. The assets of the plan are reported in the District’s financial report in the Post-Employment Benefits Trust Fund, established by the District to finance these obligations. The plan assets may be used only for the payment of benefits of the plan, in accordance with the terms of the plan. The plan does not issue a publicly available financial report.

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. For members of certain employee groups, the District pays for all or part of the eligible retiree’s premiums for medical and/or dental insurance from the time of retirement until the employee reaches the age of eligibility for Medicare. Benefits paid by the District differ by bargaining unit and date of hire, with some contracts specifying a certain dollar amount per month, and some covering premium costs as defined within each collective bargaining agreement. 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 and Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District has established the Post-Employment Benefits Trust Fund to finance these obligations. The District contributed \$147,946 to the OPEB Plan for the year ended June 30, 2023. Required retiree benefit payments of \$152,476 were paid by the Post-Employment Benefits Trust Fund on a pay-as-you-go basis for the current year.

D. Membership

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

Retirees and beneficiaries receiving benefits	25
Active plan members	<u>706</u>
Total members	<u><u>731</u></u>

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

E. Net OPEB Liability (Asset) of the District

The District’s net OPEB liability (asset) was based on the actuarial valuation performed as of July 1, 2022, with a June 30, 2023 measurement date. The components of the net OPEB liability (asset) of the District at year-end were as follows:

Total OPEB liability	\$ 5,989,681
Plan fiduciary net position	<u>(6,015,896)</u>
The District’s net OPEB liability (asset)	<u><u>\$ (26,215)</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u><u>100.44%</u></u>

F. Actuarial Methods and Assumptions

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

Discount rate	3.90%
Expected long-term investment return	4.00% (net of investment expenses)
20-year municipal bond yield	3.90%
Inflation rate	2.50%
Salary increases	Service graded table
Healthcare trend rate	6.25% grading to 5.00% over 5 years, and then to 4.00% over the next 48 years

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.

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

The District’s policy in regard to the allocation of invested assets is established and may be amended by the School Board by a majority vote of its members. It is the policy of the School Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes allowable under state statutes.

A single discount rate of 3.90 percent was used to measure the total OPEB liability. The long-term expected rate of return on OPEB Plan investments was set based on the plan’s target investment allocation described below, along with long-term return expectations by asset class. When there is sufficient historical evidence of market outperformance, historical average returns may be considered. The target allocation and best-estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	100.00 %	4.00 %

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 0.10 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

H. Discount Rate

The discount rate used to measure the total OPEB liability was 3.90 percent. The projection of cash flows used to determine the discount rate was determined by projecting forward the fiduciary net position (assets) as of the valuation date, increasing by the investment return assumption, and reducing by benefit payments in each period until assets are exhausted. Expected benefit payments by year were discounted using the expected asset return assumptions for the years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate. The contribution and benefit payment history, as well as the funding policy have also been considered. The District discount rate used in the prior measurement date was 3.80 percent.

I. Changes in the Net OPEB Liability (Asset)

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a-b)
Beginning balance	\$ 5,108,541	\$ 6,011,861	\$ (903,320)
Changes for the year			
Service cost	600,607	–	600,607
Interest	214,078	–	214,078
Assumption changes	93,897	–	93,897
Contributions	–	147,946	(147,946)
Projected investment return	–	240,474	(240,474)
Differences between expected and actual experience	125,034	(231,909)	356,943
Benefit payments	(152,476)	(152,476)	–
Total net changes	881,140	4,035	877,105
Ending balance	\$ 5,989,681	\$ 6,015,896	\$ (26,215)

There were no plan changes since the prior measurement date.

Assumption changes since the prior measurement date include the following:

- The healthcare trend rates, mortality tables, salary increase rates for nonteachers, and withdrawal rates were updated.
- The discount rate was changed from 3.80 percent to 3.90 percent.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

J. Net OPEB Liability (Asset) Sensitivity to Discount and Healthcare Cost Trend Rate Changes

The following presents the net OPEB liability (asset) of the District, as well as what the District’s net OPEB liability (asset) 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>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB discount rate	2.90%	3.90%	4.90%
Net OPEB liability (asset)	\$ 432,044	\$ (26,215)	\$ (456,620)

The following presents the net OPEB liability (asset) of the District, as well as what the District’s net OPEB liability (asset) 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>Current Healthcare Cost Trend Rate</u>	<u>1% Increase in Healthcare Cost Trend Rate</u>
OPEB healthcare cost trend rate	5.25% decreasing to 4.00%, then 3.00%	6.25% decreasing to 5.00%, then 4.00%	7.25% decreasing to 6.00%, then 5.00%
Net OPEB liability (asset)	\$ (742,328)	\$ (26,215)	\$ 836,332

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

For the current year ended, the District recognized OPEB expense of \$617,120. 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 economic experience	\$ 113,667	\$ 1,220,906
Changes in actuarial assumptions	273,922	498,376
Net collective difference between projected and actual investment earnings on OPEB plan investments	<u>849,818</u>	<u>—</u>
Total	<u>\$ 1,237,407</u>	<u>\$ 1,719,282</u>

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

<u>Year Ending June 30,</u>	<u>OPEB Expense Amount</u>
2024	\$ 86,081
2025	\$ 107,027
2026	\$ 80,586
2027	\$ (130,200)
2028	\$ (176,576)
Thereafter	\$ (448,793)

NOTE 8 – FLEXIBLE BENEFIT PLAN

The District has a flexible benefit plan, which is classified as a “cafeteria plan” (the Plan) under § 125 of the IRC. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pretax dollars withheld from payroll checks to the Plan for healthcare and dependent care benefits.

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

The Plan is administered by an independent contract administrator for child care and medical expense reimbursements. The flexible benefit plan is included in the financial statements within the District’s General Fund.

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

NOTE 9 – INTERFUND TRANSACTIONS

Interfund Receivables and Payables

As of June 30, 2023, the Health Benefits Self Insurance Fund (Proprietary – Internal Service Fund) recorded a receivable of \$4,530 from the Post-Employment Benefits Trust Fund for the reimbursement of claims paid on behalf of the Post-Employment Benefits Trust Fund. Because fiduciary fund activity is not included in the government-wide financial statements, the receivable amount is included as due from the OPEB trust in the governmental activities on the Statement of Net Position.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Revenues

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. Legal Claims

The District has the usual and customary types of miscellaneous legal claims pending at year-end, mostly of a minor nature and usually covered by insurance carried for that purpose. Although the outcomes of these claims are not presently determinable, the District believes that the resolution of these matters will not have a material adverse effect on its financial position.

C. Construction Contracts

At June 30, 2023, the District had commitments totaling \$912,647 under various construction contracts for which the work was not yet completed.

NOTE 11 – SUBSEQUENT EVENTS

The District entered into a financing agreement for technology devices totaling \$730,080, commencing July 2023. The debt will be paid through the General Fund. The agreement requires annual payments of \$182,520 with the last payment due in July 2026.

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REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 16

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

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's 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	0.1457%	\$ 6,844,256	\$ -	\$ 6,844,256	\$ 7,648,268	89.49%	78.70%
06/30/2016	06/30/2015	0.1392%	\$ 7,214,066	\$ -	\$ 7,214,066	\$ 8,046,107	89.66%	78.20%
06/30/2017	06/30/2016	0.1439%	\$ 11,683,965	\$ 152,514	\$ 11,836,479	\$ 8,921,987	130.96%	68.90%
06/30/2018	06/30/2017	0.1400%	\$ 8,937,508	\$ 112,417	\$ 9,049,925	\$ 9,021,947	99.06%	75.90%
06/30/2019	06/30/2018	0.1404%	\$ 7,788,817	\$ 255,478	\$ 8,044,295	\$ 9,438,120	82.53%	79.50%
06/30/2020	06/30/2019	0.1478%	\$ 8,171,531	\$ 253,989	\$ 8,425,520	\$ 10,435,427	78.31%	80.20%
06/30/2021	06/30/2020	0.1510%	\$ 9,053,140	\$ 279,245	\$ 9,332,385	\$ 10,758,624	84.15%	79.10%
06/30/2022	06/30/2021	0.1491%	\$ 6,367,238	\$ 194,375	\$ 6,561,613	\$ 10,731,257	59.33%	87.00%
06/30/2023	06/30/2022	0.1490%	\$ 11,800,849	\$ 345,812	\$ 12,146,661	\$ 11,157,816	105.76%	76.70%

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

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 603,458	\$ 603,458	\$ -	\$ 8,046,107	7.50%
06/30/2016	\$ 669,149	\$ 669,149	\$ -	\$ 8,921,987	7.50%
06/30/2017	\$ 676,646	\$ 676,646	\$ -	\$ 9,021,947	7.50%
06/30/2018	\$ 707,859	\$ 707,859	\$ -	\$ 9,438,120	7.50%
06/30/2019	\$ 782,657	\$ 782,657	\$ -	\$ 10,435,427	7.50%
06/30/2020	\$ 806,953	\$ 806,953	\$ -	\$ 10,758,624	7.50%
06/30/2021	\$ 804,913	\$ 804,913	\$ -	\$ 10,731,257	7.50%
06/30/2022	\$ 836,833	\$ 836,833	\$ -	\$ 11,157,816	7.50%
06/30/2023	\$ 852,060	\$ 852,060	\$ -	\$ 11,358,431	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. 16

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

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.5053%	\$ 23,283,860	\$ 1,637,846	\$ 24,921,706	\$ 23,066,641	100.94%	81.50%
06/30/2016	06/30/2015	0.4758%	\$ 29,432,936	\$ 3,610,491	\$ 33,043,427	\$ 24,148,800	121.88%	76.80%
06/30/2017	06/30/2016	0.4796%	\$114,396,043	\$ 11,481,522	\$125,877,565	\$ 24,946,067	458.57%	44.88%
06/30/2018	06/30/2017	0.4707%	\$ 93,960,258	\$ 9,082,818	\$103,043,076	\$ 25,340,867	370.79%	51.57%
06/30/2019	06/30/2018	0.4880%	\$ 30,650,968	\$ 2,879,488	\$ 33,530,456	\$ 26,964,133	113.67%	78.07%
06/30/2020	06/30/2019	0.4982%	\$ 31,755,373	\$ 2,810,311	\$ 34,565,684	\$ 28,284,202	112.27%	78.21%
06/30/2021	06/30/2020	0.5298%	\$ 39,142,334	\$ 3,280,248	\$ 42,422,582	\$ 30,784,484	127.15%	75.48%
06/30/2022	06/30/2021	0.5442%	\$ 23,815,819	\$ 2,008,607	\$ 25,824,426	\$ 32,579,424	73.10%	86.63%
06/30/2023	06/30/2022	0.5411%	\$ 43,328,426	\$ 3,213,035	\$ 46,541,461	\$ 33,450,013	129.53%	76.17%

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

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 1,811,160	\$ 1,811,160	\$ -	\$ 24,148,800	7.50%
06/30/2016	\$ 1,870,955	\$ 1,870,955	\$ -	\$ 24,946,067	7.50%
06/30/2017	\$ 1,900,565	\$ 1,900,565	\$ -	\$ 25,340,867	7.50%
06/30/2018	\$ 2,022,310	\$ 2,022,310	\$ -	\$ 26,964,133	7.50%
06/30/2019	\$ 2,180,712	\$ 2,180,712	\$ -	\$ 28,284,202	7.71%
06/30/2020	\$ 2,438,448	\$ 2,438,448	\$ -	\$ 30,784,484	7.92%
06/30/2021	\$ 2,647,404	\$ 2,647,404	\$ -	\$ 32,579,424	8.13%
06/30/2022	\$ 2,789,592	\$ 2,789,592	\$ -	\$ 33,450,013	8.34%
06/30/2023	\$ 2,910,930	\$ 2,910,930	\$ -	\$ 34,045,966	8.55%

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

INDEPENDENT SCHOOL DISTRICT NO. 16

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

	District Fiscal Year-End Date						
	2017	2018	2019	2020	2021	2022	2023
Total OPEB liability							
Service cost	\$ 445,316	\$ 436,541	\$ 476,928	\$ 541,112	\$ 594,726	\$ 526,420	\$ 600,607
Interest	175,983	189,292	215,803	204,457	208,679	156,217	214,078
Assumption changes	–	(106,629)	139,380	160,889	(183,365)	(386,902)	93,897
Difference between expected and actual experience	–	–	(706,192)	–	(1,079,454)	–	125,034
Benefit payments	(180,581)	(284,847)	(293,292)	(49,410)	(222,879)	(541,940)	(152,476)
Net change in total OPEB liability	440,718	234,357	(167,373)	857,048	(682,293)	(246,205)	881,140
Total OPEB liability – beginning of year	4,672,289	5,113,007	5,347,364	5,179,991	6,037,039	5,354,746	5,108,541
Total OPEB liability – end of year	5,113,007	5,347,364	5,179,991	6,037,039	5,354,746	5,108,541	5,989,681
Plan fiduciary net position							
Contributions	117,576	244,723	275,062	41,866	–	541,940	147,946
Investment earnings (charges)	51,930	(45,450)	480,011	381,847	175,346	(782,172)	8,565
Benefit payments	(180,581)	(284,847)	(293,292)	(49,410)	(222,879)	(541,940)	(152,476)
Administrative expenses	(5,760)	(3,306)	(3,335)	(3,585)	(25,328)	–	–
Net change in plan fiduciary net position	(16,835)	(88,880)	458,446	370,718	(72,861)	(782,172)	4,035
Plan fiduciary net position – beginning of year	6,143,445	6,126,610	6,037,730	6,496,176	6,866,894	6,794,033	6,011,861
Plan fiduciary net position – end of year	6,126,610	6,037,730	6,496,176	6,866,894	6,794,033	6,011,861	6,015,896
Net OPEB liability (asset)	\$ (1,013,603)	\$ (690,366)	\$ (1,316,185)	\$ (829,855)	\$ (1,439,287)	\$ (903,320)	\$ (26,215)
Fiduciary net position as a percentage of the total OPEB liability	119.82%	112.91%	125.41%	113.75%	126.88%	117.68%	100.44%
Covered-employee payroll	\$ 30,270,213	\$ 31,178,319	\$ 34,561,372	\$ 35,598,213	\$ 38,372,541	\$ 39,523,717	\$ 42,325,619
Net OPEB liability (asset) as a percentage of covered-employee payroll	(3.35%)	(2.21%)	(3.81%)	(2.33%)	(3.75%)	(2.29%)	(0.06%)

Note: The District implemented GASB Statement Nos. 74 and 75 for the year ended June 30, 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 16

Other Post-Employment Benefits Plan
Schedule of Investment Returns
Year Ended June 30, 2023

<u>Year</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2017	0.80 %
2018	(0.70) %
2019	8.00 %
2020	5.60 %
2021	2.10 %
2022	(11.50) %
2023	0.10 %

Note: The District implemented GASB Statement Nos. 74 and 75 for the year ended June 30, 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

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INDEPENDENT SCHOOL DISTRICT NO. 16

Notes to Required Supplementary Information
June 30, 2023

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2020 CHANGES IN PLAN PROVISIONS

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

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 16

Notes to Required Supplementary Information (continued)
June 30, 2023

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. 16

Notes to Required Supplementary Information (continued)
June 30, 2023

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2017 CHANGES IN PLAN PROVISIONS

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

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 16

Notes to Required Supplementary Information (continued)
June 30, 2023

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.

INDEPENDENT SCHOOL DISTRICT NO. 16

Notes to Required Supplementary Information (continued)
June 30, 2023

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 16

Notes to Required Supplementary Information (continued)
June 30, 2023

OTHER POST-EMPLOYMENT BENEFITS PLAN

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates, mortality tables, salary increase rates for nonteachers, and withdrawal rates were updated.
- The discount rate was changed from 3.80 percent to 3.90 percent.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.80 percent to 3.80 percent.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates, mortality tables, and salary scale assumptions were updated.
- The discount rate was changed from 3.20 percent to 2.80 percent.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.60 percent to 3.20 percent.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.80 percent to 3.60 percent.
- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- 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.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.50 percent to 3.80 percent.

2017 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-2000 projected to 2014 with Scale BB to the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale.
- The withdrawal table for all employees and retirement tables for only employees eligible to retire with Rule of 90 also were updated.
- The discount rate was changed from 4.00 percent to 3.50 percent.
- The percentage of future teachers who are assumed to continue medical coverage after retirement was reduced from 70.00 percent to 60.00 percent.

SUPPLEMENTARY INFORMATION

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GOVERNMENTAL FUNDS

Governmental fund reporting focuses primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. The governmental fund category for the District includes the General Fund, Debt Service Fund, Food Service Special Revenue Fund, and Community Service Special Revenue Fund.

The statements and schedules that follow are to provide further detail and support additional analysis for the District's major and nonmajor governmental funds.

INDEPENDENT SCHOOL DISTRICT NO. 16

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

	Special Revenue Funds		Total
	Food Service	Community Service	
Assets			
Cash and temporary investments	\$ 1,231,645	\$ 494,795	\$ 1,726,440
Receivables			
Current taxes	–	307,083	307,083
Delinquent taxes	–	3,755	3,755
Accounts and interest	–	46,312	46,312
Due from other governmental units	23,310	89,523	112,833
Inventory	24,942	–	24,942
	<u>24,942</u>	<u>–</u>	<u>24,942</u>
Total assets	<u>\$ 1,279,897</u>	<u>\$ 941,468</u>	<u>\$ 2,221,365</u>
Liabilities			
Salaries payable	\$ 16,247	\$ 41,392	\$ 57,639
Accounts and contracts payable	12,835	11,034	23,869
Due to other governmental units	–	28,860	28,860
Unearned revenue	57,415	218,422	275,837
Total liabilities	<u>86,497</u>	<u>299,708</u>	<u>386,205</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	–	505,178	505,178
Unavailable revenue – delinquent taxes	–	6,168	6,168
Total deferred inflows of resources	<u>–</u>	<u>511,346</u>	<u>511,346</u>
Fund balances			
Nonspendable	24,942	–	24,942
Restricted	1,168,458	130,414	1,298,872
Total fund balances	<u>1,193,400</u>	<u>130,414</u>	<u>1,323,814</u>
	<u>1,193,400</u>	<u>130,414</u>	<u>1,323,814</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,279,897</u>	<u>\$ 941,468</u>	<u>\$ 2,221,365</u>

INDEPENDENT SCHOOL DISTRICT NO. 16

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

	Special Revenue Funds		Total
	Food Service	Community Service	
Revenue			
Local sources			
Property taxes	\$ -	\$ 527,880	\$ 527,880
Investment earnings	29,977	14,000	43,977
Other	1,143,965	2,816,906	3,960,871
State sources	163,555	620,885	784,440
Federal sources	2,401,265	133,674	2,534,939
Total revenue	<u>3,738,762</u>	<u>4,113,345</u>	<u>7,852,107</u>
Expenditures			
Current			
Food service	3,418,610	-	3,418,610
Community service	-	4,064,186	4,064,186
Capital outlay	133,096	5,308	138,404
Total expenditures	<u>3,551,706</u>	<u>4,069,494</u>	<u>7,621,200</u>
Net change in fund balances	187,056	43,851	230,907
Fund balances			
Beginning of year	<u>1,006,344</u>	<u>86,563</u>	<u>1,092,907</u>
End of year	<u>\$ 1,193,400</u>	<u>\$ 130,414</u>	<u>\$ 1,323,814</u>

INDEPENDENT SCHOOL DISTRICT NO. 16

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

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	\$ 36,334,349	\$ 32,872,896
Receivables		
Current taxes	8,005,665	9,066,790
Delinquent taxes	92,626	128,458
Accounts and interest	466,863	69,521
Due from other governmental units	9,476,101	8,309,723
Inventory	40,748	40,748
Prepaid items	<u>278,453</u>	<u>394,899</u>
Total assets	<u><u>\$ 54,694,805</u></u>	<u><u>\$ 50,883,035</u></u>
Liabilities		
Salaries payable	\$ 327,056	\$ 306,064
Accounts and contracts payable	1,544,582	1,764,598
Due to other governmental units	572,395	604,449
Unearned revenue	<u>23,457</u>	<u>18,583</u>
Total liabilities	2,467,490	2,693,694
Deferred inflows of resources		
Property taxes levied for subsequent year	12,123,126	12,343,934
Unavailable revenue – delinquent taxes	<u>157,766</u>	<u>106,354</u>
Total deferred inflows of resources	12,280,892	12,450,288
Fund balances		
Nonspendable for inventory	40,748	40,748
Nonspendable for prepaid items	278,453	394,899
Restricted for scholarships	164,810	127,607
Restricted for staff development	486,528	443,892
Restricted for capital projects levy	1,455,200	1,027,391
Restricted for operating capital	1,695,566	1,180,962
Restricted for basic skills	600,222	723,908
Restricted for long-term facilities maintenance	1,250,661	785,666
Restricted for Medical Assistance	57,034	132,169
Assigned for employee benefits	2,008,713	2,000,000
Assigned for capital projects	11,000,000	5,000,000
Assigned for technology	320,000	320,000
Assigned for curriculum	1,000,000	1,000,000
Unassigned	<u>19,588,488</u>	<u>22,561,811</u>
Total fund balances	<u><u>39,946,423</u></u>	<u><u>35,739,053</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 54,694,805</u></u>	<u><u>\$ 50,883,035</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 16

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

	2023		Over (Under) Budget	2022
	Budget	Actual		Actual
Revenue				
Local sources				
Property taxes	\$ 13,299,812	\$ 13,280,339	\$ (19,473)	\$ 13,604,446
Investment earnings (charges)	310,100	1,133,984	823,884	(144,712)
Other	1,009,900	1,584,232	574,332	1,388,236
State sources	60,612,729	61,964,872	1,352,143	59,757,417
Federal sources	3,746,724	4,336,918	590,194	5,168,795
Total revenue	<u>78,979,265</u>	<u>82,300,345</u>	<u>3,321,080</u>	<u>79,774,182</u>
Expenditures				
Current				
Administration				
Salaries	1,710,034	1,694,090	(15,944)	1,652,725
Employee benefits	537,577	544,784	7,207	494,309
Purchased services	64,130	24,966	(39,164)	34,266
Supplies and materials	29,530	25,209	(4,321)	18,296
Capital expenditures	–	5,918	5,918	100
Other expenditures	50,450	50,868	418	46,646
Total administration	<u>2,391,721</u>	<u>2,345,835</u>	<u>(45,886)</u>	<u>2,246,342</u>
District support services				
Salaries	1,454,498	1,400,992	(53,506)	1,366,188
Employee benefits	457,785	415,717	(42,068)	425,911
Purchased services	536,255	541,463	5,208	383,556
Supplies and materials	137,913	266,170	128,257	256,556
Capital expenditures	11,500	7,109	(4,391)	3,133
Other expenditures	12,250	(8,480)	(20,730)	(7,025)
Total district support services	<u>2,610,201</u>	<u>2,622,971</u>	<u>12,770</u>	<u>2,428,319</u>
Elementary and secondary regular instruction				
Salaries	24,482,764	22,953,750	(1,529,014)	23,034,565
Employee benefits	7,417,688	6,986,537	(431,151)	8,121,508
Purchased services	901,878	1,699,903	798,025	1,441,721
Supplies and materials	767,170	956,804	189,634	1,042,316
Capital expenditures	74,627	57,184	(17,443)	1,084,269
Other expenditures	196,199	184,692	(11,507)	200,346
Total elementary and secondary regular instruction	<u>33,840,326</u>	<u>32,838,870</u>	<u>(1,001,456)</u>	<u>34,924,725</u>

INDEPENDENT SCHOOL DISTRICT NO. 16

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

	2023		Over (Under) Budget	2022
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	317,697	295,304	(22,393)	293,653
Employee benefits	101,671	94,499	(7,172)	144,876
Purchased services	53,800	69,312	15,512	33,510
Supplies and materials	12,800	48,910	36,110	18,054
Other expenditures	2,500	2,253	(247)	10,492
Total vocational education instruction	488,468	510,278	21,810	500,585
Special education instruction				
Salaries	8,889,691	8,987,754	98,063	8,544,806
Employee benefits	3,139,759	2,727,698	(412,061)	2,928,319
Purchased services	1,971,750	2,131,298	159,548	1,820,530
Supplies and materials	94,250	140,235	45,985	92,726
Capital expenditures	300	26,483	26,183	300
Other expenditures	48,000	46,684	(1,316)	50,452
Total special education instruction	14,143,750	14,060,152	(83,598)	13,437,133
Instructional support services				
Salaries	4,106,784	4,209,143	102,359	3,613,038
Employee benefits	1,021,483	1,219,330	197,847	1,040,235
Purchased services	565,480	605,551	40,071	604,132
Supplies and materials	869,961	688,268	(181,693)	680,172
Capital expenditures	206,322	272,615	66,293	141,015
Other expenditures	57,200	43,737	(13,463)	60,917
Total instructional support services	6,827,230	7,038,644	211,414	6,139,509
Pupil support services				
Salaries	1,661,782	1,562,826	(98,956)	1,706,969
Employee benefits	599,919	527,953	(71,966)	603,452
Purchased services	6,150,605	6,681,534	530,929	6,222,871
Supplies and materials	102,986	267,129	164,143	139,012
Capital expenditures	42,000	30,916	(11,084)	43,094
Other expenditures	10,500	9,930	(570)	10,556
Total pupil support services	8,567,792	9,080,288	512,496	8,725,954

INDEPENDENT SCHOOL DISTRICT NO. 16

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

	2023		Over (Under) Budget	2022
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	1,998,602	1,907,656	(90,946)	1,825,607
Employee benefits	653,526	571,123	(82,403)	562,923
Purchased services	3,194,858	3,400,885	206,027	3,408,410
Supplies and materials	322,485	378,599	56,114	387,378
Capital expenditures	3,038,500	2,510,541	(527,959)	2,783,224
Other expenditures	27,500	18,937	(8,563)	14,165
Total sites and buildings	<u>9,235,471</u>	<u>8,787,741</u>	<u>(447,730)</u>	<u>8,981,707</u>
Fiscal and other fixed cost programs				
Purchased services	325,000	307,802	(17,198)	331,553
Other expenditures	<u>50,000</u>	<u>35,300</u>	<u>(14,700)</u>	<u>102,800</u>
Total fiscal and other fixed cost programs	375,000	343,102	(31,898)	434,353
Debt service				
Principal	509,018	509,018	–	513,690
Interest and fiscal charges	<u>53,733</u>	<u>51,524</u>	<u>(2,209)</u>	<u>46,853</u>
Total debt service	<u>562,751</u>	<u>560,542</u>	<u>(2,209)</u>	<u>560,543</u>
Total expenditures	<u>79,042,710</u>	<u>78,188,423</u>	<u>(854,287)</u>	<u>78,379,170</u>
Excess (deficiency) of revenue over expenditures	(63,445)	4,111,922	4,175,367	1,395,012
Other financing sources				
Sale of capital assets	–	95,448	95,448	53,750
Debt issued	<u>–</u>	<u>–</u>	<u>–</u>	<u>996,894</u>
Total other financing sources (uses)	<u>–</u>	<u>95,448</u>	<u>95,448</u>	<u>1,050,644</u>
Net change in fund balances	<u>\$ (63,445)</u>	4,207,370	<u>\$ 4,270,815</u>	2,445,656
Fund balances				
Beginning of year		<u>35,739,053</u>		<u>33,293,397</u>
End of year		<u>\$ 39,946,423</u>		<u>\$ 35,739,053</u>

INDEPENDENT SCHOOL DISTRICT NO. 16

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

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	\$ 1,231,645	\$ 999,337
Receivables		
Due from other governmental units	23,310	181,910
Inventory	24,942	26,938
Prepaid items	—	14,200
	<u> </u>	<u> </u>
Total assets	<u>\$ 1,279,897</u>	<u>\$ 1,222,385</u>
Liabilities		
Salaries payable	\$ 16,247	\$ 31,879
Accounts and contracts payable	12,835	16,568
Unearned revenue	57,415	167,594
Total liabilities	<u>86,497</u>	<u>216,041</u>
Fund balances		
Nonspendable for inventory	24,942	26,938
Nonspendable for prepaid items	—	14,200
Restricted for food service	1,168,458	965,206
Total fund balances	<u>1,193,400</u>	<u>1,006,344</u>
	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 1,279,897</u>	<u>\$ 1,222,385</u>

INDEPENDENT SCHOOL DISTRICT NO. 16

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

	2023		Over (Under) Budget	2022
	Budget	Actual		Actual
Revenue				
Local sources				
Investment earnings (charges)	\$ -	\$ 29,977	\$ 29,977	\$ (1,836)
Other – primarily meal sales	1,356,664	1,143,965	(212,699)	212,301
State sources	191,000	163,555	(27,445)	112,529
Federal sources	1,852,336	2,401,265	548,929	3,934,404
Total revenue	<u>3,400,000</u>	<u>3,738,762</u>	<u>338,762</u>	<u>4,257,398</u>
Expenditures				
Current				
Salaries	1,078,010	1,085,460	7,450	1,095,739
Employee benefits	302,001	284,630	(17,371)	303,264
Purchased services	252,000	316,697	64,697	280,877
Supplies and materials	1,758,489	1,721,398	(37,091)	1,637,585
Other expenditures	9,500	10,425	925	8,660
Capital outlay	200,000	133,096	(66,904)	4,715
Total expenditures	<u>3,600,000</u>	<u>3,551,706</u>	<u>(48,294)</u>	<u>3,330,840</u>
Net change in fund balances	<u>\$ (200,000)</u>	187,056	<u>\$ 387,056</u>	926,558
Fund balances				
Beginning of year		<u>1,006,344</u>		<u>79,786</u>
End of year		<u>\$ 1,193,400</u>		<u>\$ 1,006,344</u>

INDEPENDENT SCHOOL DISTRICT NO. 16

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

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	\$ 494,795	\$ 494,254
Receivables		
Current taxes	307,083	360,528
Delinquent taxes	3,755	5,039
Accounts and interest	46,312	59,293
Due from other governmental units	89,523	109,105
Prepaid items	–	497
	<u>–</u>	<u>497</u>
Total assets	<u>\$ 941,468</u>	<u>\$ 1,028,716</u>
Liabilities		
Salaries payable	\$ 41,392	\$ 32,024
Accounts and contracts payable	11,034	57,139
Due to other governmental units	28,860	760
Unearned revenue	218,422	312,246
Total liabilities	<u>299,708</u>	<u>402,169</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	505,178	535,769
Unavailable revenue – delinquent taxes	6,168	4,215
Total deferred inflows of resources	<u>511,346</u>	<u>539,984</u>
Fund balances		
Nonspendable for prepaid items	–	497
Restricted for community education programs	3,359	–
Restricted for early childhood family education	35,486	–
Restricted for school readiness	1,249	–
Restricted for community service	90,320	86,066
Total fund balances	<u>130,414</u>	<u>86,563</u>
	<u>–</u>	<u>–</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 941,468</u>	<u>\$ 1,028,716</u>

INDEPENDENT SCHOOL DISTRICT NO. 16

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

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 533,113	\$ 527,880	\$ (5,233)	\$ 516,391
Investment earnings (charges)	–	14,000	14,000	(1,992)
Other – primarily tuition and fees	2,526,158	2,816,906	290,748	2,793,494
State sources	608,729	620,885	12,156	573,328
Federal sources	82,000	133,674	51,674	241,941
Total revenue	<u>3,750,000</u>	<u>4,113,345</u>	<u>363,345</u>	<u>4,123,162</u>
Expenditures				
Current				
Salaries	2,357,729	2,610,723	252,994	2,594,873
Employee benefits	829,962	813,690	(16,272)	879,647
Purchased services	418,964	481,450	62,486	454,429
Supplies and materials	131,975	155,477	23,502	112,287
Other expenditures	2,870	2,846	(24)	2,523
Capital outlay	8,500	5,308	(3,192)	1,653
Total expenditures	<u>3,750,000</u>	<u>4,069,494</u>	<u>319,494</u>	<u>4,045,412</u>
Net change in fund balances	<u>\$ –</u>	43,851	<u>\$ 43,851</u>	77,750
Fund balances				
Beginning of year		<u>86,563</u>		<u>8,813</u>
End of year		<u>\$ 130,414</u>		<u>\$ 86,563</u>

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INDEPENDENT SCHOOL DISTRICT NO. 16

Debt Service Fund
 Balance Sheet by Account
 as of June 30, 2023
 (With Comparative Totals as of June 30, 2022)

	Regular	OPEB	Totals	
	Debt Service Account	Debt Service Account	2023	2022
Assets				
Cash and temporary investments	\$ 6,505,853	\$ 278,293	\$ 6,784,146	\$ 6,001,961
Receivables				
Current taxes	6,521,027	107,470	6,628,497	7,229,961
Delinquent taxes	72,023	6,635	78,658	106,650
Due from other governmental units	17,035	–	17,035	15,335
Total assets	\$ 13,115,938	\$ 392,398	\$ 13,508,336	\$ 13,353,907
Deferred inflows of resources				
Property taxes levied for subsequent year	\$ 10,727,656	\$ 176,797	\$ 10,904,453	\$ 10,744,193
Unavailable revenue – delinquent taxes	119,382	10,961	130,343	91,393
Total deferred inflows of resources	10,847,038	187,758	11,034,796	10,835,586
Fund balances				
Restricted for debt service	2,268,900	204,640	2,473,540	2,518,321
Total deferred inflows of resources and fund balances	\$ 13,115,938	\$ 392,398	\$ 13,508,336	\$ 13,353,907

INDEPENDENT SCHOOL DISTRICT NO. 16

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

	Budget	2023 Actual	
		Regular Debt Service Account	OPEB Debt Service Account
Revenue			
Local sources			
Property taxes	\$ 10,696,769	\$ 9,690,598	\$ 891,578
Investment earnings (charges)	33,000	155,517	15,521
State sources	170,272	170,345	—
Total revenue	<u>10,900,041</u>	<u>10,016,460</u>	<u>907,099</u>
Expenditures			
Debt service			
Principal	7,280,000	6,410,000	870,000
Interest	3,685,965	3,639,950	46,015
Fiscal charges and other	6,000	1,900	475
Total expenditures	<u>10,971,965</u>	<u>10,051,850</u>	<u>916,490</u>
Net change in fund balances	<u>\$ (71,924)</u>	<u>(35,390)</u>	<u>(9,391)</u>
Fund balances			
Beginning of year		<u>2,304,290</u>	<u>214,031</u>
End of year		<u>\$ 2,268,900</u>	<u>\$ 204,640</u>

		2022
Total	Over (Under) Budget	Actual
\$ 10,582,176	\$ (114,593)	\$ 10,542,011
171,038	138,038	(23,069)
170,345	73	153,346
<u>10,923,559</u>	<u>23,518</u>	<u>10,672,288</u>
7,280,000	–	6,955,000
3,685,965	–	3,997,353
2,375	(3,625)	2,375
<u>10,968,340</u>	<u>(3,625)</u>	<u>10,954,728</u>
(44,781)	<u>\$ 27,143</u>	(282,440)
<u>2,518,321</u>		<u>2,800,761</u>
<u>\$ 2,473,540</u>		<u>\$ 2,518,321</u>

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INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods and services provided by one department or agency of a government to other departments or agencies on a cost-reimbursement basis. The District maintains two internal service funds. These funds are used to account for the District's self-insured health and dental benefits insurance activities.

The statements that follow are to provide further detail and support additional analysis for the District's internal service funds.

INDEPENDENT SCHOOL DISTRICT NO. 16

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

	Health Benefits Self-Insurance	Dental Self-Insurance	Totals	
			2023	2022
Assets				
Current assets				
Cash and temporary investments	\$ 6,553,606	\$ 330,198	\$ 6,883,804	\$ 6,577,195
Receivables				
Due from other funds	4,530	-	4,530	-
Total current assets	<u>6,558,136</u>	<u>330,198</u>	<u>6,888,334</u>	<u>6,577,195</u>
Liabilities				
Current liabilities				
Claims incurred, but not reported	664,415	36,746	701,161	451,816
Net position				
Unrestricted	<u>\$ 5,893,721</u>	<u>\$ 293,452</u>	<u>\$ 6,187,173</u>	<u>\$ 6,125,379</u>

INDEPENDENT SCHOOL DISTRICT NO. 16

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

	Health Benefits	Dental	Totals	
	Self-Insurance	Self-Insurance	2023	2022
Operating revenue				
Charges for services				
Contributions from governmental funds	\$ 5,833,273	\$ 491,419	\$ 6,324,692	\$ 6,410,605
Operating expenses				
Health benefit claims	5,909,967	–	5,909,967	5,772,963
Dental benefit claims	–	525,795	525,795	522,255
Total operating expenses	<u>5,909,967</u>	<u>525,795</u>	<u>6,435,762</u>	<u>6,295,218</u>
Operating income (loss)	(76,694)	(34,376)	(111,070)	115,387
Nonoperating revenue				
Investment earnings (charges)	<u>164,647</u>	<u>8,217</u>	<u>172,864</u>	<u>(23,557)</u>
Change in net position	87,953	(26,159)	61,794	91,830
Net position				
Beginning of year	<u>5,805,768</u>	<u>319,611</u>	<u>6,125,379</u>	<u>6,033,549</u>
End of year	<u>\$ 5,893,721</u>	<u>\$ 293,452</u>	<u>\$ 6,187,173</u>	<u>\$ 6,125,379</u>

INDEPENDENT SCHOOL DISTRICT NO. 16

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

	Health Benefits	Dental	Total	
	Self-Insurance	Self-Insurance	2023	2022
Cash flows from operating activities				
Contributions from governmental funds	\$ 5,828,743	\$ 491,419	\$ 6,320,162	\$ 6,412,545
Payment for health claims	(5,676,666)	–	(5,676,666)	(5,756,417)
Payment for dental claims	–	(509,751)	(509,751)	(527,855)
Net cash flows from operating activities	<u>152,077</u>	<u>(18,332)</u>	<u>133,745</u>	<u>128,273</u>
Cash flows from investing activities				
Investment earnings received (charged)	<u>164,647</u>	<u>8,217</u>	<u>172,864</u>	<u>(23,557)</u>
Net change in cash and cash equivalents	316,724	(10,115)	306,609	104,716
Cash and cash equivalents				
Beginning of year	<u>6,236,882</u>	<u>340,313</u>	<u>6,577,195</u>	<u>6,472,479</u>
End of year	<u>\$ 6,553,606</u>	<u>\$ 330,198</u>	<u>\$ 6,883,804</u>	<u>\$ 6,577,195</u>
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ (76,694)	\$ (34,376)	\$ (111,070)	\$ 115,387
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Changes in assets and liabilities				
Due from other funds	(4,530)	–	(4,530)	1,940
Claims incurred, but not reported	<u>233,301</u>	<u>16,044</u>	<u>249,345</u>	<u>10,946</u>
Net cash flows from operating activities	<u>\$ 152,077</u>	<u>\$ (18,332)</u>	<u>\$ 133,745</u>	<u>\$ 128,273</u>

*High Expectations.
High Achievement For All.
No Excuses.*



SPRING LAKE PARK SCHOOLS



SECTION III

(Unaudited)

Statistical Section | Annual Financial Report

STATISTICAL SECTION (UNAUDITED)

This section of Independent School District No. 16's (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.

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 financial statements 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. 16

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

	Fiscal Year			
	2014	2015	2016	2017
Governmental activities				
Net investment in capital assets	\$ 8,940,408	\$ 12,151,342	\$ 12,651,203	\$ 17,675,160
Restricted	1,953,196	1,397,239	1,892,627	2,084,364
Unrestricted	<u>11,267,479</u>	<u>(17,216,760)</u>	<u>(11,365,538)</u>	<u>(26,911,390)</u>
 Total governmental activities net position	 <u>\$ 22,161,083</u>	 <u>\$ (3,668,179)</u>	 <u>\$ 3,178,292</u>	 <u>\$ (7,151,866)</u>

Note 1: The District implemented GASB Statement No. 68 in fiscal 2015. The District reported a change in accounting principle as a result of implementing this standard that decreased unrestricted net position by approximately \$33.5 million. Prior years were not restated.

Note 2: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2017. The District reported a change in accounting principle as a result of implementing these standards that decreased net position by approximately \$2.3 million. Prior years were not restated.

Note 3: The District implemented GASB Statement No. 84 in fiscal 2020. The District reported a change in accounting principle as a result of implementing this standard that increased net position by \$145,373. Prior years were not restated.

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 23,079,326	\$ 25,541,727	\$ 30,595,571	\$ 31,428,847	\$ 33,862,306	\$ 36,419,038
1,662,151	2,158,339	2,804,025	4,145,113	6,592,612	8,244,113
<u>(37,385,673)</u>	<u>(21,719,496)</u>	<u>(26,082,751)</u>	<u>(23,819,195)</u>	<u>(20,451,560)</u>	<u>(7,356,039)</u>
<u>\$ (12,644,196)</u>	<u>\$ 5,980,570</u>	<u>\$ 7,316,845</u>	<u>\$ 11,754,765</u>	<u>\$ 20,003,358</u>	<u>\$ 37,307,112</u>

INDEPENDENT SCHOOL DISTRICT NO. 16

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

	Fiscal Year							
	2014		2015		2016		2017	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Governmental activities								
Expenses								
Administration	\$ 2,443,292	3.9 %	\$ 2,000,118	3.0 %	\$ 2,142,397	3.0 %	\$ 2,782,494	3.1 %
District support services	2,950,163	4.7	2,880,485	4.3	2,555,546	3.6	2,778,795	3.1
Elementary and secondary								
regular instruction	24,386,405	39.2	24,691,702	36.9	27,119,057	38.0	40,848,212	46.1
Vocational education instruction	801,469	1.3	741,544	1.1	678,090	1.0	1,007,149	1.1
Special education instruction	8,572,352	13.7	8,545,167	12.8	8,570,155	12.0	11,729,151	13.2
Instructional support services	4,676,092	7.5	5,935,999	8.9	7,264,022	10.2	6,853,108	7.7
Pupil support services	5,114,047	8.2	4,971,500	7.4	5,727,763	8.0	6,314,609	7.1
Sites and buildings	1,918,958	3.0	4,537,852	6.8	4,644,930	6.5	4,108,121	4.6
Fiscal and other fixed cost programs	158,443	0.3	265,168	0.4	179,921	0.3	141,819	0.2
Food service	2,892,206	4.6	3,225,187	4.8	3,177,702	4.5	3,172,797	3.6
Community service	3,567,356	5.7	3,441,499	5.1	3,649,195	5.1	4,227,143	4.8
Interest and fiscal charges on debt	4,902,942	7.9	5,650,508	8.5	5,566,543	7.8	4,734,217	5.4
Total governmental activities expenses	62,383,725	<u>100.0 %</u>	66,886,729	<u>100.0 %</u>	71,275,321	<u>100.0 %</u>	88,697,615	<u>100.0 %</u>
Program revenues								
Charges for services								
Elementary and secondary								
regular instruction	598,363		613,638		577,201		668,081	
Instructional support services	-		69,784		43,096		38,861	
Food service	1,117,760		1,119,719		1,270,499		1,243,190	
Community service	2,498,408		1,996,289		2,331,487		2,345,615	
Operating grants and contributions	12,430,780		12,479,689		12,137,627		13,363,894	
Total governmental activities program revenues	16,645,311		16,279,119		16,359,910		17,659,641	
Net (expense) revenue	(45,738,414)		(50,607,610)		(54,915,411)		(71,037,974)	
General revenues and other changes in net position								
Taxes								
Property taxes, levied for general purposes	6,200,112		9,776,471		9,808,642		9,948,330	
Property taxes, levied for community service	232,962		473,957		380,078		469,990	
Property taxes, levied for debt service	9,469,476		9,789,787		10,190,445		9,810,131	
General grants and aids	38,589,416		37,569,864		40,359,902		41,682,417	
Gain on sale of capital assets	-		14,800		-		-	
Other general revenues	546,134		525,899		654,713		680,776	
Investment earnings (charges)	7,064		98,240		368,102		434,540	
Total general revenues and other changes in net position	55,045,164		58,249,018		61,761,882		63,026,184	
Change in net position	<u>\$ 9,306,750</u>		<u>\$ 7,641,408</u>		<u>\$ 6,846,471</u>		<u>\$ (8,011,790)</u>	

2018		2019		2020		2021		2022		2023	
Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
\$ 2,482,866	2.8 %	\$ 1,721,904	2.6 %	\$ 2,476,836	2.8 %	\$ 2,458,727	2.7 %	\$ 2,353,410	2.6 %	\$ 2,257,670	2.7 %
2,744,469	3.1	2,740,306	4.1	2,745,631	3.1	2,609,816	2.9	2,533,643	2.8	2,907,349	3.4
39,158,924	43.8	20,740,744	31.0	35,062,242	39.8	37,236,257	41.6	36,685,583	40.6	29,573,451	35.0
669,085	0.7	447,966	0.7	478,371	0.6	474,309	0.5	523,242	0.6	478,528	0.6
12,124,558	13.5	8,144,461	12.2	12,982,195	14.8	14,328,890	16.0	14,177,364	15.7	13,731,234	16.3
7,057,296	7.9	5,441,358	8.1	6,249,588	7.1	6,526,474	7.3	6,514,420	7.2	7,154,633	8.5
7,328,994	8.2	7,101,894	10.6	8,769,911	10.0	8,047,453	9.0	9,398,960	10.4	9,737,452	11.5
6,625,257	7.4	9,344,210	14.0	8,309,623	9.4	7,731,642	8.6	6,941,327	7.7	7,261,826	8.6
191,039	0.2	216,825	0.3	298,787	0.3	314,880	0.4	434,353	0.5	343,102	0.4
3,115,395	3.5	3,317,699	5.0	3,002,961	3.4	2,659,752	3.0	3,571,896	4.0	3,819,980	4.5
3,767,162	4.2	3,684,307	5.5	4,105,012	4.7	3,930,078	4.4	4,248,030	4.7	4,474,168	5.3
4,179,846	4.7	3,957,733	5.9	3,552,591	4.0	3,271,594	3.7	2,983,420	3.3	2,655,602	3.1
89,444,891	<u>100.0 %</u>	66,859,407	<u>100.0 %</u>	88,033,748	<u>100.0 %</u>	89,589,872	<u>100.0 %</u>	90,365,648	<u>100.0 %</u>	84,394,995	<u>100.0 %</u>
509,632		519,664		298,337		288,005		623,170		570,024	
47,196		54,856		54,522		54,682		17,450		-	
1,177,962		1,142,125		837,319		21,794		212,301		1,143,965	
2,327,001		2,568,685		1,869,021		1,662,751		2,793,494		2,816,906	
13,658,939		13,688,345		14,887,260		17,906,846		21,297,721		21,303,287	
17,720,730		17,973,675		17,946,459		19,934,078		24,944,136		25,834,182	
(71,724,161)		(48,885,732)		(70,087,289)		(69,655,794)		(65,421,512)		(58,560,813)	
10,428,008		11,511,034		12,097,457		13,052,174		13,624,846		13,331,751	
411,439		482,829		489,781		483,158		517,179		529,833	
11,496,238		10,843,433		10,872,582		10,765,715		10,554,768		10,621,126	
42,121,381		42,143,708		46,293,428		49,114,780		48,389,353		48,750,338	
367,463		-		-		-		-		-	
591,075		1,222,289		670,041		592,969		779,122		1,109,656	
816,227		1,307,205		854,902		84,918		(195,163)		1,521,863	
66,231,831		67,510,498		71,278,191		74,093,714		73,670,105		75,864,567	
<u>\$ (5,492,330)</u>		<u>\$18,624,766</u>		<u>\$ 1,190,902</u>		<u>\$ 4,437,920</u>		<u>\$ 8,248,593</u>		<u>\$17,303,754</u>	

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INDEPENDENT SCHOOL DISTRICT NO. 16

Governmental Activities Tax Revenues by Source and Levy Type
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

Fiscal Year	Property Tax			Total
	General Purposes	Community Service	Debt Service	
2014	\$ 6,200,112	\$ 232,962	\$ 9,469,476	\$ 15,902,550
2015	9,776,471	473,957	9,789,787	20,040,215
2016	9,808,642	380,078	10,190,445	20,379,165
2017	9,948,330	469,990	9,810,131	20,228,451
2018	10,428,008	411,439	11,496,238	22,335,685
2019	11,511,034	482,829	10,843,433	22,837,296
2020	12,097,457	489,781	10,872,582	23,459,820
2021	13,052,174	483,158	10,765,715	24,301,047
2022	13,624,846	517,179	10,554,768	24,696,793
2023	13,331,751	529,833	10,621,126	24,482,710

Note: The change in “tax shift,” as approved in legislation, impacted the amount of tax revenue recognized in fiscal year 2014. Changes in the amount of revenue recognized due to the tax shift are offset by an adjustment to state aid payments by an equal amount.

INDEPENDENT SCHOOL DISTRICT NO. 16

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

	Fiscal Year			
	2014	2015	2016	2017
General Fund				
Nonspendable	\$ 126,670	\$ 240,909	\$ 151,183	\$ 520,147
Restricted	1,127,192	1,020,553	1,036,832	1,458,251
Assigned	3,078,505	3,048,575	5,467,187	6,799,600
Unassigned	<u>12,062,267</u>	<u>15,521,686</u>	<u>17,508,558</u>	<u>18,589,800</u>
Total General Fund	<u>\$ 16,394,634</u>	<u>\$ 19,831,723</u>	<u>\$ 24,163,760</u>	<u>\$ 27,367,798</u>
All other governmental funds				
Nonspendable	\$ 22,918	\$ 29,327	\$ 38,156	\$ 151,958
Restricted	2,627,272	44,109,966	34,955,763	46,412,487
Unassigned	<u>—</u>	<u>—</u>	<u>(19,370)</u>	<u>—</u>
Total all other governmental funds	<u>\$ 2,650,190</u>	<u>\$ 44,139,293</u>	<u>\$ 34,974,549</u>	<u>\$ 46,564,445</u>
Total all governmental funds	<u>\$ 19,044,824</u>	<u>\$ 63,971,016</u>	<u>\$ 59,138,309</u>	<u>\$ 73,932,243</u>

2018	2019	2020	2021	2022	2023
\$ 461,523	\$ 335,924	\$ 215,706	\$ 373,925	\$ 435,647	\$ 319,201
667,020	1,269,404	1,584,601	2,839,254	4,421,595	5,710,021
8,523,970	9,818,292	3,676,815	3,890,939	8,320,000	14,328,713
19,612,792	18,539,896	22,350,328	26,189,279	22,561,811	19,588,488
<u>\$ 29,265,305</u>	<u>\$ 29,963,516</u>	<u>\$ 27,827,450</u>	<u>\$ 33,293,397</u>	<u>\$ 35,739,053</u>	<u>\$ 39,946,423</u>
\$ 151,813	\$ 20,675	\$ 58,760	\$ 30,715	\$ 41,635	\$ 24,942
16,409,858	3,862,087	3,208,112	3,198,866	3,569,593	3,772,412
—	—	—	—	—	—
<u>\$ 16,561,671</u>	<u>\$ 3,882,762</u>	<u>\$ 3,266,872</u>	<u>\$ 3,229,581</u>	<u>\$ 3,611,228</u>	<u>\$ 3,797,354</u>
<u>\$ 45,826,976</u>	<u>\$ 33,846,278</u>	<u>\$ 31,094,322</u>	<u>\$ 36,522,978</u>	<u>\$ 39,350,281</u>	<u>\$ 43,743,777</u>

INDEPENDENT SCHOOL DISTRICT NO. 16

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

	Fiscal Year			
	2014	2015	2016	2017
Revenues				
Local sources				
Taxes	\$ 15,899,333	\$ 20,075,118	\$ 20,402,303	\$ 20,299,810
Investment earnings (charges)	7,064	98,240	367,096	427,299
Other	4,760,665	4,253,881	4,876,996	4,976,523
State sources	48,047,812	46,969,603	49,290,709	50,350,091
Federal sources	2,972,384	3,079,950	3,206,820	3,244,050
Total revenues	<u>71,687,258</u>	<u>74,476,792</u>	<u>78,143,924</u>	<u>79,297,773</u>
Expenditures				
Current				
Administration	2,102,120	1,704,277	1,830,720	1,845,411
District support services	2,624,583	2,579,370	2,327,488	2,336,900
Elementary and secondary regular instruction	21,997,094	23,216,153	25,478,678	27,235,887
Vocational education instruction	467,331	432,110	359,630	516,381
Special education instruction	8,238,214	8,401,713	8,340,987	8,524,741
Instructional support services	4,332,088	5,778,405	7,003,629	5,416,062
Pupil support services	5,105,645	4,983,452	5,734,854	5,946,322
Sites and buildings	6,295,186	7,032,245	5,512,913	8,020,847
Fiscal and other fixed cost programs	158,443	265,168	179,921	141,819
Food service	2,518,755	2,827,933	2,851,174	2,769,706
Community service	3,145,981	3,079,462	3,295,908	3,336,109
Capital outlay	1,724,273	167,873	45,184	5,919,716
Debt service				
Principal	6,888,713	5,663,474	5,673,286	6,751,931
Interest and fiscal charges	5,053,830	4,975,435	6,906,407	5,946,495
Total expenditures	<u>70,652,256</u>	<u>71,107,070</u>	<u>75,540,779</u>	<u>84,708,327</u>
Excess (deficiency) of revenues over expenditures	1,035,002	3,369,722	2,603,145	(5,410,554)
Other financing sources (uses)				
Sale of capital assets	10,949	14,800	9,234	20,797
Debt issued	-	36,025,000	29,715,000	63,227,846
Premium (discount) on debt issued	-	5,596,062	2,394,914	5,897,954
Payments to refunded bond escrow agent	-	-	(39,555,000)	(48,942,109)
Transfers in	-	-	-	-
Transfers (out)	-	(79,392)	-	-
Total other financing sources (uses)	<u>10,949</u>	<u>41,556,470</u>	<u>(7,435,852)</u>	<u>20,204,488</u>
Net change in fund balances	<u>\$ 1,045,951</u>	<u>\$ 44,926,192</u>	<u>\$ (4,832,707)</u>	<u>\$ 14,793,934</u>
Debt service as a percentage of noncapital expenditures	<u>18.6%</u>	<u>15.6%</u>	<u>17.0%</u>	<u>17.0%</u>

2018	2019	2020	2021	2022	2023
\$ 22,376,353	\$ 22,837,894	\$ 23,342,456	\$ 24,432,519	\$ 24,662,848	\$ 24,390,395
795,633	1,217,041	763,459	73,983	(171,606)	1,348,999
4,652,866	5,479,585	3,728,240	2,620,201	4,394,031	5,545,103
52,504,630	54,599,342	57,748,471	60,215,141	60,596,620	62,919,657
3,290,448	3,395,992	3,416,953	6,710,943	9,345,140	6,871,857
<u>83,619,930</u>	<u>87,529,854</u>	<u>88,999,579</u>	<u>94,052,787</u>	<u>98,827,033</u>	<u>101,076,011</u>
1,858,370	2,115,607	2,153,860	2,154,166	2,246,342	2,345,835
2,547,138	2,654,901	2,530,719	2,444,697	2,428,319	2,622,971
28,198,408	29,239,341	30,443,260	32,152,290	34,924,725	32,838,870
497,274	555,954	413,083	413,387	500,585	510,278
9,114,622	10,100,039	11,425,457	12,768,560	13,437,133	14,060,152
5,922,473	5,867,649	5,785,759	5,987,094	6,139,509	7,038,644
6,568,746	7,007,229	7,989,230	7,434,281	8,725,954	9,080,288
10,796,189	10,283,420	12,146,377	7,619,581	8,981,707	8,787,741
191,039	216,825	298,787	314,880	434,353	343,102
2,886,196	3,106,100	2,740,456	2,429,389	3,326,125	3,418,610
3,230,368	3,728,417	3,666,488	3,567,646	4,043,759	4,064,186
31,072,882	12,704,934	759,928	80,501	346,592	138,404
7,113,646	6,977,077	6,896,885	6,927,570	7,468,690	7,789,018
5,025,573	5,021,093	4,647,619	4,330,089	4,046,581	3,739,864
<u>115,022,924</u>	<u>99,578,586</u>	<u>91,897,908</u>	<u>88,624,131</u>	<u>97,050,374</u>	<u>96,777,963</u>
(31,402,994)	(12,048,732)	(2,898,329)	5,428,656	1,776,659	4,298,048
2,441,302	28,034	1,000	–	53,750	95,448
856,425	3,770,000	–	–	996,894	–
–	–	–	–	–	–
–	(3,730,000)	–	–	–	–
–	–	798,625	760,259	–	–
–	–	(798,625)	(760,259)	–	–
<u>3,297,727</u>	<u>68,034</u>	<u>1,000</u>	<u>–</u>	<u>1,050,644</u>	<u>95,448</u>
<u>\$ (28,105,267)</u>	<u>\$ (11,980,698)</u>	<u>\$ (2,897,329)</u>	<u>\$ 5,428,656</u>	<u>\$ 2,827,303</u>	<u>\$ 4,393,496</u>
<u>15.4%</u>	<u>14.1%</u>	<u>13.5%</u>	<u>12.9%</u>	<u>12.3%</u>	<u>12.3%</u>

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INDEPENDENT SCHOOL DISTRICT NO. 16

General Governmental Tax Revenues by Source and Levy Type
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

Fiscal Year	Property Tax				Total
	General Fund	Community Service Special Revenue Fund	Debt Service Fund	OPEB Debt Service	
2014	\$ 6,197,170	\$ 233,069	\$ 9,162,019	\$ 307,075	\$ 15,899,333
2015	9,797,077	474,725	9,382,781	420,535	20,075,118
2016	9,821,867	381,235	9,514,612	684,589	20,402,303
2017	9,982,763	471,109	8,884,721	961,217	20,299,810
2018	10,449,849	412,706	10,577,715	936,083	22,376,353
2019	11,508,891	482,768	9,904,345	941,890	22,837,894
2020	12,036,321	487,365	9,906,045	912,725	23,342,456
2021	13,116,377	486,005	9,918,117	912,020	24,432,519
2022	13,604,446	516,391	9,656,182	885,829	24,662,848
2023	13,280,339	527,880	9,690,598	891,578	24,390,395

Note: The change in “tax shift,” as approved in legislation, impacted the amount of tax revenue recognized in fiscal year 2014. Changes in the amount of revenue recognized due to the tax shift are offset by an adjustment to state aid payments by an equal amount.

INDEPENDENT SCHOOL DISTRICT NO. 16

Tax Capacities and Market Values
Last Ten Fiscal Years

For Taxes Collectible	Net Tax Capacities			
	Agricultural	Nonagricultural	Fiscal Disparities	
Contribution Valuation			Distribution Valuation	
2014	\$ 100	\$ 33,657,935	\$ (5,846,912)	\$ 4,780,536
2015	–	37,198,274	(5,721,433)	4,924,374
2016	–	37,922,814	(5,913,629)	4,929,573
2017	–	41,261,389	(6,130,284)	5,222,127
2018	–	43,080,007	(6,653,547)	5,451,626
2019	–	46,136,787	(6,723,953)	5,698,364
2020	–	49,539,239	(7,092,902)	5,870,876
2021	–	54,066,623	(7,733,986)	6,105,664
2022	–	55,843,262	(8,740,544)	6,423,056
2023	–	64,117,936	(8,757,028)	6,813,926

Source: State of Minnesota School Tax Report

<u>Tax Increment</u>	<u>Total Taxable</u>	<u>Total Direct Tax Rate</u>	<u>Market Value</u>	<u>Tax Capacity as a Percentage of Market Value</u>
\$ (522,234)	\$ 32,069,425	44.56 %	\$ 2,720,435,700	1.18 %
(529,962)	35,871,253	40.05	3,030,771,800	1.18
(250,642)	36,688,116	39.61	3,084,822,400	1.19
(293,661)	40,059,571	40.23	3,308,834,800	1.21
(313,157)	41,564,929	39.62	3,483,396,300	1.19
(292,525)	44,818,673	37.63	3,734,223,200	1.20
(452,420)	47,864,793	35.45	4,010,515,276	1.19
(709,934)	51,728,367	33.11	4,310,925,227	1.20
(862,870)	52,662,904	33.38	4,472,806,694	1.18
(904,028)	61,270,806	27.81	5,180,462,387	1.18

INDEPENDENT SCHOOL DISTRICT NO. 16

Tax Capacity Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Governmental Unit	Fiscal Year			
	2014	2015	2016	2017
ISD No. 16 (Spring Lake Park)	44.562 %	40.045 %	39.609 %	40.229 %
Overlapping governments				
Anoka County	43.239	38.123	38.894	36.841
City of Blaine	36.379	35.495	35.578	34.946
City of Fridley	48.577	43.508	44.960	48.218
City of Spring Lake Park	57.460	52.877	54.703	52.464
Anoka County RR Authority	0.882	0.941	0.851	0.802
Anoka County HRA	1.670	1.438	1.616	1.536
Fridley HRA	1.645	1.356	1.527	1.390
Rice Creek Watershed	2.219	1.913	2.069	1.827
North Suburban Hospital District	1.939	1.702	1.690	–
Metropolitan Council	1.061	0.933	0.958	0.866
Metropolitan Mosquito	0.555	0.485	0.501	0.467
Metropolitan Transit	1.621	1.429	1.522	1.416
Referendum market value rates				
ISD No. 16 (Spring Lake Park)	0.173	0.162	0.159	0.162
Overlapping governments				
City of Blaine	0.006	0.006	–	–
City of Fridley	0.018	0.016	0.016	0.015

Source: Anoka County

2018	2019	2020	2021	2022	2023
39.617 %	37.632 %	35.452 %	33.110 %	33.380 %	27.812 %
35.334	34.473	33.078	31.086	29.254	24.176
35.989	35.952	35.842	35.130	35.113	31.800
47.907	45.382	45.253	44.928	45.242	43.017
54.191	48.812	48.497	44.810	47.110	37.285
0.738	0.685	0.494	0.481	0.351	0.306
1.508	1.504	1.513	1.573	1.505	1.326
1.624	1.399	1.546	1.541	1.612	1.409
1.778	1.750	1.795	1.757	1.715	1.488
–	–	–	–	–	–
0.841	0.627	0.596	0.645	0.651	0.555
0.453	0.415	0.398	0.387	0.372	0.320
1.362	1.388	1.360	1.248	1.175	1.009
0.159	0.149	0.151	0.146	0.139	0.118
–	–	–	–	–	–
0.015	0.014	0.014	0.013	0.014	0.012

INDEPENDENT SCHOOL DISTRICT NO. 16

Principal Taxpayers
For Years 2014 and 2023

Taxpayer	Type of Property	2014		
		Net Tax Capacity	Rank	Percent of Total Net Tax Capacity
Medtronic, Inc.	Manufacturing	\$ 824,584	2	2.57 %
Cummins Power Generation (Onan Corp.)	Industrial	286,104	4	0.89
WG Northtown Venture, LLC	Commercial	–	–	–
MLG/MA Read Springbrook TIC LLC	Commercial	–	–	–
BMIRF Central, LLC	Apartments	–	–	–
Target Corporation (Dayton-Hudson Corp.)	Retail	295,048	3	0.92
HR Fridley, LLC	Commercial	–	–	–
Essential Net Lease Portfolio Dst.	Apartments	–	–	–
HR Unity, LLC	Commercial	–	–	–
Nicola MSP I Limited Partnership	Industrial	–	–	–
Glimcher Realty Trust	Mall	941,804	1	2.94
University Ave. Association	Apartments	234,936	5	0.73
Shamrock Investments	Commercial/industrial	226,946	6	0.71
Xcel Energy	Utility	226,454	7	0.71
CSM Properties, Inc.	Commercial/industrial	204,662	8	0.64
Victorville-Blaine, LLC	Commercial	198,076	9	0.62
Menards Inc.	Retail	193,734	10	0.60
		<u>\$ 3,632,348</u>		<u>11.33 %</u>
Total net tax capacity		<u>\$ 32,069,425</u>		

Sources: Current property valuations, net tax capacity by classification, trend of valuations, and principal taxpayers have been furnished by Anoka County Board of Equalization and Assessment.

2023

<u>Net Tax Capacity</u>	<u>Rank</u>	<u>Percent of Total Net Tax Capacity</u>
\$ 1,121,190	1	1.83 %
845,496	2	1.38
653,022	3	1.07
547,540	4	0.89
520,354	5	0.85
499,158	6	0.81
333,670	7	0.54
319,344	8	0.52
298,080	9	0.49
270,622	10	0.44
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>\$ 5,408,476</u>		<u>8.83 %</u>
<u>\$ 61,270,806</u>		

INDEPENDENT SCHOOL DISTRICT NO. 16

Property Tax Levies and Receivables
Last Ten Fiscal Years

For Taxes Collectible	Original Levy			Collections		
	Local Spread	Fiscal Disparities	Total Spread	First Year Levy Recognized		Received in Subsequent Years
				Amount	Percentage of Levy	
2014	\$ 16,947,624	\$ 3,092,099	\$ 20,039,723	\$ 19,816,718	98.89 %	\$ 223,005
2015	17,365,564	3,045,234	20,410,798	20,235,243	99.14	175,555
2016	17,545,728	2,754,942	20,300,670	20,241,476	99.71	59,194
2017	19,372,138	2,874,101	22,246,239	22,160,642	99.62	76,405
2018	19,981,649	3,034,485	23,016,134	22,910,804	99.54	79,661
2019	20,355,861	3,129,144	23,485,005	23,296,734	99.20	156,033
2020	21,022,592	3,045,047	24,067,639	23,876,690	99.21	190,949
2021	21,482,152	3,044,650	24,526,802	24,360,482	99.32	166,320
2022	21,740,329	3,012,221	24,752,550	24,604,750	99.40	39,860
2023	21,392,901	3,187,963	24,580,864	9,639,619	39.22	–

Note: Delinquent taxes receivable are written off after seven years. The amount of collections has been adjusted to reflect the write-off of delinquent taxes receivable.

Source: State of Minnesota School Tax Report

Total to Date		Uncollected Taxes Receivable as of June 30, 2023			
Amount	Percentage of Levy	Delinquent		Current	
		Amount	Percent	Amount	Percent
\$ 20,039,723	100.00 %	\$ -	- %	\$ -	- %
20,410,798	100.00	-	-	-	-
20,300,670	100.00	-	-	-	-
22,237,047	99.96	9,192	0.04	-	-
22,990,465	99.89	25,669	0.11	-	-
23,452,767	99.86	32,238	0.14	-	-
24,067,639	100.00	-	-	-	-
24,526,802	100.00	-	-	-	-
24,644,610	99.56	107,940	0.44	-	-
9,639,619	39.22	-	-	14,941,245	60.78
		\$ 175,039		\$ 14,941,245	

INDEPENDENT SCHOOL DISTRICT NO. 16

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Market Value (1)	Per Capita (2)
	General Obligation Bonds	Premium (Discount) on Bonds	Financed Purchases			
2014	\$ 107,875,000	\$ 915,008	\$ 4,208,147	\$ 112,998,155	4.15 %	\$ 3,659
2015	139,065,000	6,151,096	3,379,673	148,595,769	4.90	4,767
2016	123,775,000	7,965,945	3,156,387	134,897,332	4.37	4,328
2017	131,340,000	12,349,329	3,692,302	147,381,631	4.45	4,667
2018	125,130,000	11,408,681	3,645,081	140,183,762	4.02	4,416
2019	119,100,000	10,464,826	2,738,004	132,302,830	3.54	4,110
2020	112,735,000	9,524,749	2,206,119	124,465,868	3.10	3,840
2021	106,060,000	8,584,671	1,953,549	116,598,220	2.70	3,576
2022	99,105,000	7,644,594	2,436,753	109,186,347	2.44	3,322
2023	91,825,000	6,704,516	1,927,735	100,457,251	1.94	2,869

(1) Personal income is not readily available. Market value used as a base for comparison.

(2) See the Schedule of Demographic and Economic Statistics for population data.

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

INDEPENDENT SCHOOL DISTRICT NO. 16

Ratios of Net General Obligation Bonded Debt
to Market Value and Net General Obligation Bonded Debt per Capita
Last Ten Fiscal Years

Fiscal Year	Gross Bonded Debt	Less Debt Service Funds on Hand	Net Bonded Debt	Market Value	Percent of Net Debt to Market Value	Estimated Population	Net Bonded Debt per Capita
2014	\$ 108,790,008	\$ 1,856,735	\$ 106,933,273	\$2,720,435,700	3.93 %	30,884	\$ 3,462
2015	145,216,096	43,769,947	101,446,149	3,030,771,800	3.35	31,171	3,255
2016	131,740,945	34,555,806	97,185,139	3,084,822,400	3.15	31,171	3,118
2017	143,689,329	1,736,218	141,953,111	3,308,834,800	4.29	31,581	4,495
2018	136,538,681	2,389,896	134,148,785	3,483,396,300	3.85	31,747	4,226
2019	129,564,826	2,599,195	126,965,631	3,734,223,200	3.40	32,193	3,944
2020	122,259,749	2,761,017	119,498,732	4,010,515,276	2.98	32,417	3,686
2021	114,644,671	2,800,761	111,843,910	4,310,925,227	2.59	32,602	3,431
2022	106,749,594	2,518,321	104,231,273	4,472,806,694	2.33	32,872	3,171
2023	98,529,516	2,473,540	96,055,976	5,180,462,387	1.85	35,013	2,743

Source: District Business Office and related statistical table

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INDEPENDENT SCHOOL DISTRICT NO. 16

Direct and Overlapping Governmental Activities Debt
as of June 30, 2023

Governmental Unit	Total G.O. Debt	Percent in ISD No. 16	ISD No. 16's Proportionate Share
ISD No. 16 (Spring Lake Park)	\$ 98,529,516	100.0 %	\$ 98,529,516
Overlapping debt			
Taxing district			
Anoka County	80,951,874	11.8	9,552,321
City of Blaine	85,632,038	41.7	35,708,560
City of Fridley	79,705,000	23.1	18,411,855
City of Spring Lake Park	1,458,454	97.5	1,421,993
Metropolitan Council	1,717,186,171	1.0	17,171,862
Total overlapping debt			82,266,590
Total direct and overlapping debt			\$ 180,796,106

Note 1: The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping entity's taxable assessed value that is within the District's boundaries and dividing it by the overlapping government's total taxable assessed value.

Note 2: Only those taxing jurisdictions with general obligation debt are included in this section. It does not include nongeneral obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

Note 3: The above debt includes all outstanding general obligation debt supported by taxes of the Metropolitan Council. The Metropolitan Council also has general obligation transit, sewer revenue, wastewater revenue, and radio revenue bonds; and lease obligations outstanding, all of which are supported entirely by revenues and have not been included on the overlapping debt or debt ratios section.

Source: Anoka County

INDEPENDENT SCHOOL DISTRICT NO. 16

Legal Debt Margin Information
Last Ten Fiscal Years

	2014	2015	2016	Fiscal Year 2017
District's estimated market value	<u>\$2,720,435,700</u>	<u>\$3,030,771,800</u>	<u>\$3,084,822,400</u>	<u>\$3,308,834,800</u>
Debt limit (15 percent of estimated market value)	\$ 408,065,355	\$ 454,615,770	\$ 462,723,360	\$ 496,325,220
Amount of debt applicable to debt limit	<u>107,875,000</u>	<u>139,065,000</u>	<u>123,775,000</u>	<u>131,340,000</u>
Legal debt margin at June 30	<u>\$ 300,190,355</u>	<u>\$ 315,550,770</u>	<u>\$ 338,948,360</u>	<u>\$ 364,985,220</u>
Legal debt margin as a percentage of debt limit	<u>73.56%</u>	<u>69.41%</u>	<u>73.25%</u>	<u>73.54%</u>

Source: District Business Office and related statistical table

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>\$3,483,396,300</u>	<u>\$3,734,223,200</u>	<u>\$4,010,515,276</u>	<u>\$4,310,925,227</u>	<u>\$4,472,806,694</u>	<u>\$5,180,462,387</u>
\$ 522,509,445	\$ 560,133,480	\$ 601,577,291	\$ 646,638,784	\$ 670,921,004	\$ 777,069,358
<u>125,130,000</u>	<u>119,100,000</u>	<u>112,735,000</u>	<u>106,060,000</u>	<u>99,105,000</u>	<u>91,825,000</u>
<u>\$ 397,379,445</u>	<u>\$ 441,033,480</u>	<u>\$ 488,842,291</u>	<u>\$ 540,578,784</u>	<u>\$ 571,816,004</u>	<u>\$ 685,244,358</u>
<u>76.05%</u>	<u>78.74%</u>	<u>81.26%</u>	<u>83.60%</u>	<u>85.23%</u>	<u>88.18%</u>

INDEPENDENT SCHOOL DISTRICT NO. 16

Demographic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (1)	Per Capita Personal Income (1)	Average Employment (1)	Average Unemployment (1)	Average Unemployment State of Minnesota
2014	30,884	N/A	N/A	184,588	3.7 %	5.1 %
2015	31,171	N/A	N/A	184,079	3.3	4.1
2016	31,171	N/A	N/A	185,464	3.8	3.7
2017	31,581	N/A	N/A	190,864	2.9	3.6
2018	31,747	N/A	N/A	193,259	2.5	3.5
2019	32,193	N/A	N/A	194,512	2.9	2.9
2020	32,417	N/A	N/A	183,534	3.1	3.2
2021	32,602	N/A	N/A	198,304	6.3	6.2
2022	32,872	N/A	N/A	195,701	3.2	3.4
2023	35,013	N/A	N/A	198,440	2.6	2.7

N/A – Not Available

(1) Information presented is for Anoka County, the county in which Spring Lake Park is included.

Sources: U.S. Census, Minnesota Department of Administration, and United States Bureau of Economic Analysis

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INDEPENDENT SCHOOL DISTRICT NO. 16

Principal Employers
For Years 2014 and 2023

Employer	2014			2023		
	Employees	Rank	Percent of Employment	Employees	Rank	Percent of Employment
Cummins Power Generation	1,200	3	13.60 %	1,500	1	22.26 %
ISD No. 16 (Spring Lake Park)	630	6	7.14	925	2	13.72
Mercy Hospital – Unity Campus	–	–	–	839	3	12.45
Glimcher Realty Trust (Northtown Mall)	1,800	1	20.40	800	4	11.87
Mid City Cleaners	800	5	9.07	800	5	11.87
Minco (Products, Inc.)	512	7	5.80	700	6	10.39
Conagra Brands	–	–	–	375	7	5.56
Wal-Mart	320	9	3.63	320	8	4.75
Rise, Inc.	–	–	–	250	9	3.71
City of Blaine	–	–	–	231	10	3.43
Medtronic, Inc.	1,682	2	19.06	–	–	–
Unity Hospital	1,200	4	13.60	–	–	–
Target Corporation	430	8	4.87	–	–	–
Fridley Medical Center	250	10	2.83	–	–	–
Total	<u>8,824</u>		<u>100.00 %</u>	<u>6,740</u>		<u>100.00 %</u>

Note: The statistics for total employment are not available; therefore, the percentage represents the percentage of the top employers listed.

Source: Telephone survey of individual employers

INDEPENDENT SCHOOL DISTRICT NO. 16

Cost per Pupil Based on Weighted Average Daily Membership
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year							
	2013-2014		2014-2015		2015-2016		2016-2017	
	Cost	Cost per Pupil	Cost	Cost per Pupil	Cost	Cost per Pupil	Cost	Cost per Pupil
District and school administration	\$ 2,102,120	\$ 338	\$ 1,704,277	\$ 285	\$ 1,830,720	\$ 301	\$ 1,845,411	\$ 298
District support services	2,624,583	422	2,579,370	431	2,327,488	383	2,336,900	378
Elementary and secondary regular instruction	21,997,094	3,535	23,216,153	3,882	25,478,678	4,187	27,235,887	4,401
Vocational education instruction	467,331	75	432,110	72	359,630	59	516,381	83
Special education instruction	8,238,214	1,324	8,401,713	1,405	8,340,987	1,371	8,524,741	1,378
Community education and services	3,145,981	506	3,079,462	515	3,295,908	542	3,336,109	539
Instructional support services	4,332,088	696	5,778,405	966	7,003,629	1,151	5,416,062	875
Pupil support services	5,105,645	821	4,983,452	833	5,734,854	943	5,946,322	961
Sites, buildings, and capital outlay	8,019,459	1,289	7,200,118	1,204	5,558,097	913	13,940,563	2,253
Fiscal and other fixed cost programs	158,443	25	265,168	44	179,921	30	141,819	23
Food service	2,518,755	405	2,827,933	473	2,851,174	469	2,769,706	448
Principal, interest, and fiscal charges on debt	11,942,543	1,919	10,638,909	1,779	12,579,693	2,068	12,698,426	2,052
Totals	<u>\$ 70,652,256</u>	<u>\$11,355</u>	<u>\$ 71,107,070</u>	<u>\$11,889</u>	<u>\$ 75,540,779</u>	<u>\$12,417</u>	<u>\$ 84,708,327</u>	<u>\$13,689</u>
Weighted ADM		<u>6,222</u>		<u>5,981</u>		<u>6,084</u>		<u>6,188</u>

Note: Includes all governmental funds.

Source: District Business Office and Minnesota Department of Education – District ADM Report

2017-2018		2018-2019		2019-2020		2020-2021		2021-2022		2022-2023	
Cost	Cost per Pupil	Cost	Cost per Pupil	Cost	Cost per Pupil	Cost	Cost per Pupil	Cost	Cost per Pupil	Cost	Cost per Pupil
\$ 1,858,370	\$ 296	\$ 2,115,607	\$ 326	\$ 2,153,860	\$ 327	\$ 2,154,166	\$ 326	\$ 2,246,342	\$ 339	\$ 2,345,835	\$ 359
2,547,138	406	2,654,901	409	2,530,719	384	2,444,697	369	2,428,319	366	2,622,971	401
28,198,408	4,492	29,239,341	4,504	30,443,260	4,616	32,152,290	4,860	34,924,725	5,271	32,838,870	5,024
497,274	79	555,954	86	413,083	63	413,387	62	500,585	76	510,278	78
9,114,622	1,452	10,100,039	1,556	11,425,457	1,732	12,768,560	1,930	13,437,133	2,028	14,060,152	2,151
3,230,368	515	3,728,417	574	3,666,488	556	3,567,646	539	4,043,759	610	4,064,186	622
5,922,473	943	5,867,649	904	5,785,759	877	5,987,094	905	6,139,509	927	7,038,644	1,077
6,568,746	1,046	7,007,229	1,079	7,989,230	1,211	7,434,281	1,124	8,725,954	1,317	9,080,288	1,389
41,869,071	6,670	22,988,354	3,541	12,906,305	1,957	7,700,082	1,164	9,328,299	1,408	8,926,145	1,365
191,039	30	216,825	33	298,787	45	314,880	48	434,353	66	343,102	52
2,886,196	460	3,106,100	478	2,740,456	416	2,429,389	367	3,326,125	502	3,418,610	523
12,139,219	1,934	11,998,170	1,848	11,544,504	1,751	11,257,659	1,702	11,515,271	1,738	11,528,882	1,764
<u>\$115,022,924</u>	<u>\$18,323</u>	<u>\$ 99,578,586</u>	<u>\$15,338</u>	<u>\$ 91,897,908</u>	<u>\$13,935</u>	<u>\$ 88,624,131</u>	<u>\$13,396</u>	<u>\$ 97,050,374</u>	<u>\$14,648</u>	<u>\$ 96,777,963</u>	<u>\$14,805</u>
	<u>6,278</u>		<u>6,492</u>		<u>6,595</u>		<u>6,616</u>		<u>6,626</u>		<u>6,537</u>

INDEPENDENT SCHOOL DISTRICT NO. 16

Food Service Information
Last Ten Fiscal Years

Meals	Number of Meals Served									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Lunches served										
Full price lunch	320,143	359,834	350,277	336,863	333,580	348,870	237,970	–	–	278,479
Reduced-price lunch	56,468	58,541	62,012	68,575	43,189	77,925	50,147	–	–	72,932
Free lunch	217,349	225,579	221,343	210,349	198,332	187,991	140,366	326,206	628,013	253,961
Adult lunch	4,902	12,242	7,674	7,785	8,600	5,904	3,918	754	3,052	4,185
Total lunches served	598,862	656,196	641,306	623,572	583,701	620,690	432,401	326,960	631,065	609,557
Breakfasts served										
Full price breakfast	39,487	55,098	61,224	61,843	63,842	74,029	49,314	–	–	71,110
Reduced-price breakfast	16,961	19,201	20,246	25,075	26,457	26,513	17,553	–	–	29,104
Free breakfast	87,744	97,908	95,555	93,602	85,564	82,930	58,555	210,955	286,783	115,222
Adult breakfast	566	751	465	439	486	491	109	14	232	364
Total breakfasts served	144,758	172,958	177,490	180,959	176,349	183,963	125,531	210,969	287,015	215,800
Percentage of students eligible for free lunch	29%	30%	28%	33%	28%	26%	28%	26%	27%	37%
Percentage of students eligible for reduced-price lunch	7%	7%	8%	8%	10%	10%	10%	7%	9%	10%

Note: Due to the COVID-19 pandemic, meals were provided primarily through federally financed programs for fiscal 2021 and fiscal 2022, changing the way meals were served, as presented in the table above.

Source: District Business Office

INDEPENDENT SCHOOL DISTRICT NO. 16

School Facilities
as of June 30, 2023

<u>Facility</u>	<u>Year Construction Completed</u>	<u>Years of Addition</u>	<u>Grades Housed</u>	<u>Square Footage</u>
Northpoint Elementary	2008	2014	K-4	87,600
Park Terrace Elementary	1969	1995, 2007, and 2014	K-4	93,630
Woodcrest Elementary	1950	1962, 1965, 1995, and 2007	K-4	67,000
Centerview Elementary	2018		K-4	98,000
Westwood Middle School	1971	1995 and 2007-2009	5-8	286,000
Spring Lake Park High School	1962	1964, 1995, and 2007-2009	9-12	376,000

Source: District Business Office

INDEPENDENT SCHOOL DISTRICT NO. 16

Employees by Classification
Last Ten Fiscal Years

Employees (1)	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
District directors/superintendent	6	7	7	8	7	7	7	7	7	7
Principals	9	9	9	9	10	10	10	10	11	11
Teachers, nurses, and counselors	375	408	403	406	414	432	446	443	439	438
Coordinators, supervisors, specialists, and technical support	64	64	63	68	69	70	70	70	73	78
Paraprofessionals	111	91	90	91	90	95	99	92	89	88
Food service	36	37	38	38	39	40	37	35	33	34
Custodians	35	36	36	35	34	38	38	38	33	35
Community education leads and assistants	47	56	51	51	55	60	58	51	54	52
Total	683	708	697	706	718	752	765	746	739	743

(1) This schedule is a headcount based on contract group; if an employee has multiple contract groups, they are reflected multiple times. Full-time and part-time employees count the same.

Source: District Business Office

INDEPENDENT SCHOOL DISTRICT NO. 16

Student Enrollment
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM) (Including Enrollment Option)					Total Pupil Units
	Handicapped and Pre-Kindergarten	Kindergarten	Elementary	Secondary	Total	
2014	67.71	446.88	2,635.04	2,307.56	5,457.19	6,221.95
2015	92.45	436.29	2,732.67	2,266.18	5,527.59	5,980.80
2016	107.22	424.75	2,748.39	2,336.74	5,617.10	6,084.47
2017	98.31	430.97	2,767.31	2,409.71	5,706.30	6,188.24
2018	109.67	363.92	2,842.06	2,468.30	5,783.95	6,277.60
2019	135.48	416.13	2,848.42	2,576.57	5,976.60	6,491.88
2020	115.98	423.04	2,852.74	2,669.33	6,061.09	6,594.96
2021	106.83	414.38	2,759.47	2,779.67	6,060.35	6,616.27
2022	125.90	400.10	2,704.21	2,829.58	6,059.79	6,625.72
2023	131.95	399.37	2,663.97	2,784.71	5,980.00	6,536.94

Note 1: Student enrollment numbers are estimated for the most recent fiscal year.

Note 2: ADM is weighted as follows in computing pupil units:

	<u>Pre-Kindergarten</u>	<u>Handicapped Kindergarten</u>	<u>Half-Day Kindergarten</u>	<u>Full-Day Kindergarten</u>	<u>Elementary 1-3</u>	<u>Elementary 4-6</u>	<u>Secondary</u>
Fiscal 2014	1.250	1.000	0.612	0.612	1.115	1.060	1.300
Fiscal 2015 through 2023	1.000	1.000	0.550	1.000	1.000	1.000	1.200

Source: District Business Office

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FORM OF LEGAL OPINION

(See following pages)



150 South Fifth Street, Suite 700
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Affirmative Action, Equal Opportunity Employer

§ _____
INDEPENDENT SCHOOL DISTRICT NO. 16
(SPRING LAKE PARK PUBLIC SCHOOLS)
ANOKA COUNTY, MINNESOTA
GENERAL OBLIGATION SCHOOL BUILDING REFUNDING BONDS
SERIES 2024A

We have acted as bond counsel to Independent School District No. 16 (Spring Lake Park Public Schools), Anoka County, Minnesota (the “Issuer”), in connection with the issuance by the Issuer of its General Obligation School Building Refunding Bonds, Series 2024A (the “Bonds”), originally dated June __, 2024, and issued in the original aggregate principal amount of \$ _____. In such capacity and for the purpose of rendering this opinion we have examined certified copies of certain proceedings, certifications and other documents, and applicable laws as we have deemed necessary. Regarding questions of fact material to this opinion, we have relied on certified proceedings and other certifications of public officials and other documents furnished to us without undertaking to verify the same by independent investigation. Under existing laws, regulations, rulings, and decisions in effect on the date hereof, and based on the foregoing we are of the opinion that:

1. The Bonds have been duly authorized and executed and are valid and binding general obligations of the Issuer, enforceable in accordance with their terms.

2. The principal of and interest on the Bonds are payable from ad valorem taxes levied by the Issuer on all taxable property of the Issuer, but if necessary for the payment thereof, additional ad valorem taxes are required by law to be levied on all taxable property of the Issuer, which taxes are not subject to any limitation as to rate or amount.

3. Interest on the Bonds is excludable from gross income of the recipient for federal income tax purposes and, to the same extent, is excludable from taxable net income of individuals, trusts, and estates for Minnesota income tax purposes, and is not a preference item for purposes of the computation of the federal alternative minimum tax, or the computation of the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. However, such interest is included in determining the annual adjusted financial statement income (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”)) of applicable corporations (as defined in Section 59(k) of the Code) for purposes of computing the alternative minimum tax imposed on such applicable corporations, and is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. The opinion set forth in this paragraph is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes and from taxable net income for Minnesota income tax purposes. The Issuer has covenanted to comply with all such

requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes and taxable net income for Minnesota income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

4. The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

5. The resolution adopted by the School Board of the Issuer on September 12, 2023, obligates the Issuer to be bound by the provisions of Minnesota Statutes, Section 126C.55. We express no opinion as to the enforceability of the provisions of that law against the State of Minnesota (the "State") in the absence of appropriated and available funds to pay the obligations of the State thereunder.

We have not been asked and have not undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or other offering materials relating to the Bonds, and accordingly we express no opinion with respect thereto.

This opinion is given as of the date hereof and we assume no obligation to update, revise, or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Dated _____, 2024, at Minneapolis, Minnesota.

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the District or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(See following pages)

§ _____
INDEPENDENT SCHOOL DISTRICT NO. 16
(SPRING LAKE PARK PUBLIC SCHOOLS)
ANOKA COUNTY, MINNESOTA
GENERAL OBLIGATION SCHOOL BUILDING REFUNDING BONDS
SERIES 2024A

CONTINUING DISCLOSURE CERTIFICATE

_____, 2024

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by Independent School District No. 16 (Spring Lake Park Public Schools), Anoka County, Minnesota (the “District”), in connection with the issuance of its General Obligation School Building Refunding Bonds, Series 2024A (the “Bonds”), in the original aggregate principal amount of \$_____. The Bonds are being issued pursuant to a resolution adopted by the School Board of the District (the “Resolution”). The Bonds are being delivered to _____ [, as syndicate manager] (the “Purchaser”), on the date hereof. Pursuant to the Resolution, the District has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. The District hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders (as defined herein) of the Bonds in order to provide for the public availability of such information and assist the Participating Underwriter(s) (as defined herein) in complying with the Rule (as defined herein). This Disclosure Certificate, together with the Resolution, constitutes the written agreement or contract for the benefit of the Holders of the Bonds that is required by the Rule.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means any annual report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Audited Financial Statements” means annual financial statements of the District, prepared in accordance with GAAP as prescribed by GASB.

“Bonds” means the General Obligation School Building Refunding Bonds, Series 2024A, issued by the District in the original aggregate principal amount of \$_____.

“Disclosure Certificate” means this Continuing Disclosure Certificate.

“District” means Independent School District No. 16 (Spring Lake Park Public Schools), Anoka County, Minnesota, which is the obligated person with respect to the Bonds.

“EMMA” means the Electronic Municipal Market Access system operated by the MSRB and designated as a nationally-recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule.

“Final Official Statement” means the Final Official Statement, dated _____, 2024, which constitutes the final official statement delivered in connection with the Bonds, which is available from the MSRB.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a Financial Obligation as described in clause (a) or (b). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means the fiscal year of the District.

“GAAP” means generally accepted accounting principles for governmental units as prescribed by GASB.

“GASB” means the Governmental Accounting Standards Board.

“Holder” means the person in whose name a Bond is registered or a beneficial owner of such a Bond.

“Material Event” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board located at 1300 I Street NW, Suite 1000, Washington, DC 20005.

“Participating Underwriter” means any of the original underwriter(s) of the Bonds (including the Purchaser) required to comply with the Rule in connection with the offering of the Bonds.

“Purchaser” means _____ [, as syndicate manager]

“Repository” means EMMA, or any successor thereto designated by the SEC.

“Rule” means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and including written interpretations thereof by the SEC.

“SEC” means Securities and Exchange Commission, and any successor thereto.

Section 3. Provision of Annual Financial Information and Audited Financial Statements.

(a) The District shall provide to the Repository not later than twelve (12) months after the end of the Fiscal Year commencing with the year that ends June 30, 2024, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate, provided that the Audited Financial Statements of the District may be submitted separately from the balance of the Annual Report.

(b) If the District is unable or fails to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a notice of that fact to the Repository and the MSRB.

(c) The District shall determine each year prior to the date for providing the Annual Report the name and address of each Repository.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following sections of the Final Official Statement:

1. Current Property Valuations
2. Direct Debt
3. Tax Levies and Collections
4. Student Body
5. Employment/Unemployment Data

In addition to the items listed above, the Annual Report shall include the most recent Audited Financial Statements submitted in accordance with Section 3 of this Disclosure Certificate.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the Repository or the SEC. If the document incorporated by reference is a final official statement, it must also be available from the MSRB. The District shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Material Events.

(a) This Section 5 shall govern the giving of notice of the occurrence of any of the following events ("Material Events") with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. Modifications to rights of security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the obligated person;

13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) The District shall file a notice of such occurrence with the Repository or with the MSRB within ten (10) business days of the occurrence of the Material Event.

(c) Unless otherwise required by law and subject to technical and economic feasibility, the District shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the District's information.

Section 6. EMMA. The SEC has designated EMMA as a nationally-recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule. Until the EMMA system is amended or altered by the MSRB and the SEC, the District shall make all filings required under this Disclosure Certificate solely with EMMA.

Section 7. Termination of Reporting Obligation. The District's obligations under the Resolution and this Disclosure Certificate shall terminate upon the redemption in full of all Bonds or payment in full of all Bonds.

Section 8. Agent. The District may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally-recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause a violation of the Rule. The provisions of the Resolution requiring continuing disclosure pursuant to the Rule and this Disclosure Certificate, or any provision hereof, shall be null and void in the event that the District delivers to the Repository an opinion of nationally-recognized bond counsel to the effect that those portions of the Rule which impose the continuing disclosure requirements of the Resolution and the execution and delivery of this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Bonds. The provisions of the Resolution requiring continuing disclosure pursuant to the Rule and this Disclosure Certificate may be amended without the consent of the Holders of the Bonds, but only upon the delivery by the District to the Repository of the proposed amendment and an opinion of nationally-recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect compliance with the Rule.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the District to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Participating Underwriters, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, we have executed this Disclosure Certificate in our official capacities effective as of the date and year first written above.

**INDEPENDENT SCHOOL DISTRICT NO. 16
(SPRING LAKE PARK PUBLIC SCHOOLS),
ANOKA COUNTY, MINNESOTA**

Board Chair

Clerk

TERMS OF PROPOSAL

**\$16,220,000* GENERAL OBLIGATION SCHOOL BUILDING REFUNDING BONDS, SERIES 2024A
INDEPENDENT SCHOOL DISTRICT NO. 16 (SPRING LAKE PARK SCHOOLS), MINNESOTA**

Proposals for the purchase of \$16,220,000* General Obligation School Building Refunding Bonds, Series 2024A (the "Bonds") of Independent School District No. 16 (Spring Lake Park Schools), Minnesota (the "District") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the District, until 9:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via bondsale@ehlers-inc.com or **PARITY**, in the manner described below, until 9:30 A.M. Central Time, on May 14, 2024, at which time they will be opened, read and tabulated. The proposals will be presented to the School Board for consideration for award by resolution at a meeting to be held at 7:00 P.M., Central Time, on the same date. The proposal offering to purchase the Bonds upon the terms specified herein and most favorable to the District will be accepted unless all proposals are rejected.

AUTHORITY; PURPOSE; SECURITY

The Bonds are authorized pursuant to Minnesota Statutes, Chapter 475, including Minnesota Statutes, Section 475.67, subd. 3, as amended, by the District, for the purpose of effecting a current refunding of certain outstanding general obligations of the District. The Bonds will be general obligations of the District for which its full faith and credit and taxing powers are pledged.

DATES AND MATURITIES

The Bonds will be dated June 6, 2024, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2025	\$3,240,000	2027	\$3,170,000	2029	\$3,475,000
2026	3,010,000	2028	3,325,000		

ADJUSTMENT OPTION

The District reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BOND OPTION

Proposals for the Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

INTEREST PAYMENT DATES AND RATES

Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2025, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Bonds will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds.

PAYING AGENT/ESCROW AGENT

The District has selected Bond Trust Services Corporation, Roseville, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent") and Zions Bancorporation, National Association, Chicago, Illinois, as escrow agent (the "Escrow Agent"). BTSC and Ehlers are affiliate companies. The District will pay the charges for Paying Agent services. The District reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

The Bonds are being offered without the option of prior optional redemption.

DELIVERY

On or about June 6, 2024, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the District will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the District, threatened. Payment for the Bonds must be received by the District at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

An opinion as to the validity of the Bonds and the exemption from taxation of the interest thereon will be furnished by Kennedy & Graven, Chartered, Minneapolis, Minnesota, Bond Counsel to the District ("Bond Counsel"), and will be available at the time of delivery of the Bonds. The legal opinion will state that the Bonds are valid and binding general obligations of the District; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). See "FORM OF LEGAL OPINION" found in Appendix B.

SUBMISSION OF PROPOSALS

Proposals must not be for less than \$16,057,800 plus accrued interest on the principal sum of \$16,220,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of proposals, interested parties may submit a proposal as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Electronically via **PARITY** in accordance with this Terms of Proposal until 9:30 A.M. Central Time, but no proposal will be received after the time for receiving proposals specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Terms of Proposal, the terms of this Terms of Proposal shall control. For further information about **PARITY**, potential bidders may contact IHS Markit (now part of S&P Global) at <https://ihsmarkit.com/products/municipal-issuance.html> or via telephone (844) 301-7334.

Proposals must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of proposals. Each proposal must be unconditional except as to legality. Neither the District nor Ehlers shall be responsible for any failure to receive a facsimile submission.

A good faith deposit ("Deposit") in the amount of \$324,400 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The District reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the District may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the District as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith. The Deposit will be deducted from the purchase price at the closing for the Bonds.

The District and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the proposal is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the proposal is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No proposal can be withdrawn after the time set for receiving proposals unless the meeting of the District scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

AWARD

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The District's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The District reserves the right to reject any and all proposals and to waive any informality in any proposal.

BOND INSURANCE

If the Bonds are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the District requested and received a rating on the Bonds from a rating agency, the District will pay that rating fee. Any rating agency fees not requested by the District are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Bonds are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Bonds.

CUSIP NUMBERS

The District will assume no obligation for the assignment or printing of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

NOT-QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds shall not be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

In order to assist the Underwriter (Syndicate Manager) in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the District will enter into an undertaking for the benefit of the holders of the Bonds. A description of the details and terms of the undertaking is set forth in Appendix D of the Preliminary Official Statement.

NEW ISSUE PRICING

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Bonds pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate which will be provided by Bond Counsel upon request.

(a) The winning bidder shall assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District at closing an "issue price" or similar certificate satisfactory to Bond Counsel setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications. All actions to be taken by the District under this Terms of Proposal to establish the issue price of the Bonds may be taken on behalf of the District by the District's municipal advisor identified herein and any notice or report to be provided to the District may be provided to the District's municipal advisor.

(b) The District intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- (1) The District shall disseminate this Terms of Proposal to potential underwriters in a manner that is reasonably designed to reach potential investors;
- (2) all bidders shall have an equal opportunity to bid;

- (3) the District may receive proposals from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the District anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Terms of Proposal.

Any proposal submitted pursuant to this Terms of Proposal shall be considered a firm offer for the purchase of the Bonds, as specified in this proposal.

(c) If all of the requirements of a "competitive sale" are not satisfied, the District shall advise the winning bidder of such fact prior to the time of award of the sale of the Bonds to the winning bidder. In such event, any proposal submitted will not be subject to cancellation or withdrawal and the District agrees to use the rule selected by the winning bidder on its proposal form to determine the issue price for the Bonds. On its proposal form, each bidder must select one of the following two rules for determining the issue price of the Bonds: (1) the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Bonds (the "hold-the-offering-price rule").

(d) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the hold-the-offering-price rule, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the proposal submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the District promptly after the close of the fifth (5th) business day after the sale whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The District acknowledges that in making the representation set forth above, the winning bidder will rely on:

(i) the agreement of each underwriter to comply with requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires,

(ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and

(iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The District further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price rule of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Bonds.

(e) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the 10% test, the winning bidder agrees to promptly report to the District, Bond Counsel and Ehlers the prices at which the Bonds have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to each maturity of the Bonds, provided that, the winning bidder's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the District or bond counsel.

(f) By submitting a proposal, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is party to such third-party distribution agreement, as applicable, to:

(A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred until either all securities of that maturity allocated to it have been sold or it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the District or bond counsel.

(B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to:

(A) to promptly notify the winning bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(B) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(g) Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each term being used as defined below) shall not constitute sales to the public for purposes of this Terms of Proposal. Further, for purposes of this Terms of Proposal:

- (i) "public" means any person other than an underwriter or a related party,
- (ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "sale date" means the date that the Bonds are awarded by the District to the winning bidder.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Preliminary Official Statement relating to the Bonds prior to the proposal opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The Underwriter (Syndicate Manager) will be provided with an electronic copy of the Final Official Statement within seven business days of the proposal acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and proposal forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the School Board

Independent School District No. 16
(Spring Lake Park Schools), Minnesota

PROPOSAL FORM

The School Board
Independent School District No. 16 (Spring Lake Park Schools), Minnesota (the "District")

May 14, 2024

RE: \$16,220,000* General Obligation School Building Refunding Bonds, Series 2024A (the "Bonds")

DATED: June 6, 2024

For all or none of the above Bonds, in accordance with the Terms of Proposal and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$ _____ (not less than \$16,057,800) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due	2025	_____ % due	2027	_____ % due	2029
_____ % due	2026	_____ % due	2028		

The District reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of \$324,400 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The District reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the District may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the District as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Terms of Proposal. The Deposit will be deducted from the purchase price at the closing for the Bonds. This proposal is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Terms of Proposal. Delivery is anticipated to be on or about June 6, 2024.

This proposal is subject to the District's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for the Bonds.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Underwriter (Syndicate Manager), we agree to provide the District with the reoffering price of the Bonds within 24 hours of the proposal acceptance.

This proposal is a firm offer for the purchase of the Bonds identified in the Terms of Proposal, on the terms set forth in this proposal form and the Terms of Proposal, and is not subject to any conditions, except as permitted by the Terms of Proposal.

By submitting this proposal, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: NO: .

If the competitive sale requirements are not met, we elect to use either the: 10% test, or the hold-the-offering-price rule to determine the issue price of the Bonds.

Account Manager: _____ By: _____

Account Members:

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from June 6, 2024 of the above proposal is \$ _____ and the true interest cost (TIC) is _____%.

The foregoing offer is hereby accepted by and on behalf of the School Board of Independent School District No. 16 (Spring Lake Park Schools), Minnesota, on May 14, 2024.

By: _____ By: _____

Title: _____ Title: _____